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**Digitalization in the Italian
wine sector, with a focus on
Friuli-Venezia Giulia
winemaking firms**

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Introduction

Wine is one of the oldest agricultural productions, and it is typical of Western culture. Since the beginning, its primary production and consumption occurred in the Old-World countries, mainly European countries, and still today, it represents one of the most profitable and thriving markets for those countries. However, with the advent of globalization, it became part of the eating habits of New-world countries too. In this perspective, the wine sector faced changes because of the globalization. Wine is produced, sold, and consumed globally.

Digital and wine are the two things upon which this thesis is centred. The digital transformed society in many different ways but primarily the way to do business. It is a matter of sharing information, market expansion, growth of competition, internationalization, and global communication. As a result, companies have to face several challenges in order to survive; otherwise, they may fail. In the last decades, the competitive scenario of the wine sector became global with the movement of production abroad either to cut costs and to exploit resources. Moreover, emerging economies such as Australia, South America, China, India, U.S. acquire a significant market share of global wine production; thus, the European one decreased. Another factor that influences the wine trade is wine tourism, which affects export. People traveling to different regions taste wines and bring their expertise back home, increasing the demand. In this way, consumers have become sophisticated and cultured. The access to information develops their relationship with companies that have to interact with this new type of consumer differently. Consumers are aware and conscious of their purchase. Along those lines, it became fundamental adopting digital innovation into companies, but it may not be easy, especially for SMEs, which have limited resources. One of the biggest challenges in the business world is the advent of social media. Social media modified completely the way people communicate with family, friends, but also firms.

Italy is, for the fourth year, the first wine producer worldwide. Wine is part of Italian culture since always, and because of this consumer knows the product and the differences. The wine export represents a big part of the return in this sector — however, the typical industrial Italian structure obstacles export. Italian companies are generally micro, small, or medium enterprises family-owned. SMEs focus more on quality than quantity due to

the firm's size. Small firms do not have access to a large number of resources, personnel, and financial; thus, they cannot produce a large amount of wine. At the same time, they have difficulties in internationalizing because they do not have personal know-how and capabilities to implement an international strategy. Moreover, the wine sector in Italy is not an IT industry because of the lack of knowledge in this field. Compared to other European countries, Italian wineries have a lower IT level than European ones.

This thesis is structured in four chapters each one deepening an aspect of the wine sector. The first chapter is an overview of the digital era, and the changes and challenges companies have to deal with: digitalization theories and the consequences related to the globalization based on digital communication. Then, the second chapter focuses on describing the wine scenario worldwide, giving evidence of the new emerging countries, the differences in doing business, and how wineries adopted the digital to do marketing abroad. The next chapter examines the Italian wine sector studying the production, the consumption, the competitors, and the demand. The last part of the thesis regards a survey delivered to Friuli-Venezia Giulia wineries. Firstly, an analysis of the region is conducted in order to understand the dynamics that this region plays in the Italian wine market, national and abroad. Then, it is analysed the survey in depth, focalizing more on some crucial topics such as country of origin, and the marketing techniques adopted towards foreign countries. The aim of the questionnaire is to confirm or refute the theories previously explained. Thus, the fourth chapter is an analysis of the winemaking firms of Friuli-Venezia Giulia on the adoption of digital tools into their business. SMEs are characterized by resource constrain and so, Friuli-Venezia Giulia wineries. In fact, they do not have a properly management dedicated to this field of research. However, these wineries seem to have a positive point of view of digitalization processes. Moreover, a significant part of the respondents argue that the digital tools are fundamental to implement a marketing strategy towards foreign countries. However, just few wineries adopting real changes into this direction. The majority still prefer offline marketing vehicles such as exhibitions.

The reason why I decided to pick up this argument with a focus on Friuli-Venezia Giulia is that I am from Udine, and wineries are all over the territory. I grow up seeing wine as part of eating Italian culture. The linkage between wine and food is natural in Italy. Thus, since Italian food culture is deep-rooted, wine takes a significant spot too. Not to mention that wine production has been doing since always in Italy. Then, I find this sector exciting

for a specific reason. The wine is an everyday commodity in the Italian culture, and everyone has access to it and has a kind of knowledge about this agricultural product. However, the wine sector is elitist, and just a few people have expertise in wine.

1. Digitalization

1.1 The digital era

Innovations in modern information and communication technologies are revolutionizing the business environment. The Internet provides challenges and opportunities to new and existing companies, which are going to do innovative business with a growing share of international activities. Nowadays, a part of marketing activities is achieved through the Internet, and all the digital channels organization can access. Digitalization affects almost all business sectors because it provides the possibility to share marketing content with a higher number of potential consumers because it is an open-source of information accessible to anyone. As a result, companies may potentially have consumers from all over the world. This process involves either B2B and B2C markets accordingly to each company's businesses.

In the digital era, businesses and consumers face numerous challenges about how to interact with each other and how to approach this new method to do business. This revolutionary era involves technological innovations and cultural change. To better understand it, it may be reasonable to give a general idea of the socio-cultural context, which influences consumer's need for new technologies, that may simplify consumers' lives, either private life and working life.

We, as humans, continuously create artifacts in order to make life easier. To describe the complex development of communication technologies, we should refer to the definition of McLuhan, who defines our society as a "Network society" (Di Fraia. 2015), where a network is anything in the middle of numerous interconnections. Its flexibility and adaptability represent the potential of the network. However, this is possible only if the information passes through all the networks efficiently and rapidly. The network society leads to what Castells defined as mass-self-communication (Castells. 2009), which is a phenomenon characterized by the possibility that each individual can generate content which might reach a global audience.

Therefore, organizations have to consider that people communicate differently than in the past; thus, they must adapt marketing tools used to interact with them in order to be efficient. This challenge in communication drives consumers to interact actively with the

organizations. Consumers feel the need to talk with companies as quickly as in everyday life.

Social media represent a non-traditional communication platform, where each individual is an e-farmer who manages his spot. The space on social media, both private and public, is a private property that people can open just with an account. However, almost anyone can access others private social media space, increasing the network of relationships. Thus, people can join to new networks easily. In the physical realm are accepted a few expressions of connections with strangers (for example, postman). However, the digital world cuts the distances and lets people keeping in touch with anyone else on social platforms.

Digitalization developed the way to communicate, transforming global communication into a continuous flow among people who share information such as images, videos, and feelings, ideas, dreams within the social platforms. The digital space is a free space where the barriers we deal with in the real world do not exist. The Internet is an open-source, borderless, accessible to anyone anytime.

1.1.1 Digitalization disruptors

“Digitalization is like a fast-moving tsunami” (Crittenden, Biel, and Lovely). Industries and organizations are increasingly disrupted by digital changes, which occur in many business practices evolving the way of doing business. Since the digitalization process affects the entire business environment, the relationship between companies and customers changes. As a result, this alteration impacts on marketing activities, leading to a new way of communicating.

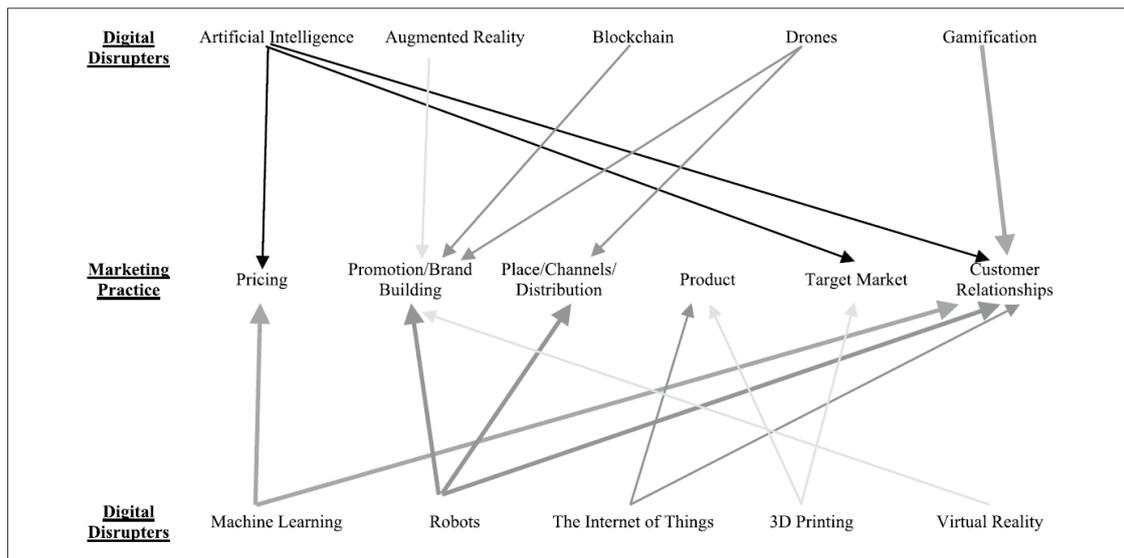
Digitalization has meaningfully changed marketing channel interactions, creating new means to engage. Thus, traditional marketing activities, mostly offline, have been disrupted due to a new and bidirectional flow of communication. Marketing fundamentals, such as marketing mix, target marketing, and business-consumer relationships, have been altered. Now, it is necessary to rethink those concepts in order to set up new theories consistent with modern society. Facing challenges may be difficult, but successful if taken into account positively.

Although innovations can affect companies negatively due to their disruptive forces, organizations must meet them in order to survive and succeed, maybe even stronger.

In this regard, new digital technologies are becoming more and more fully integrated into marketing plans and are used to value the marketing mix of a product or service. To compete is vital to stay on point in terms of technological innovations since they provide cheaper and faster solutions. Either way, innovations are disruptors because they lead the progress providing challenges.

The figure 1.1.1 shows how marketing practices are affected by digital innovations. They disrupt the marketing environment because affect the traditional marketing activities and force organizations to adapt their business in new business reality. However, often, companies need to adjust their tools without upsetting their whole companies. Digital

Figure 1.1.1 (1) Digital disrupters and currently perceived impact on marketing practice



Source: Crittenden, Biel, and Lovely. 2018.

disruption happens when there is digital innovation, such as big data. Moreover, digital innovation influences customer behaviours. Therefore, it is essential to understand that digital disruption is not a disruptive technology. The latter describes a technique that displaces an established technology. Digitalization is disruptive, which means that the competitive conditions companies face in this new digital market are different from those of the predigital era.

1.1.2 Digitalization offering new perspectives on internationalization

The more the digital becomes familiar, the more internationalization becomes popular. The ability to internationalize has become a competitive necessity for many firms. Globalization and digitalization get together. The latter is transforming the entrepreneurial activity in terms of both opportunities and threats and its practices. On the one hand, digitalization makes internationalization easier; on the other hand, it increases notably competitiveness since a large number of firms jumped into the same competitive scenario.

It is quite tricky to get findings on the interplay of digitalization, market orientation, and marketing capability in the internationalization process. However, marketing capability mediates the effect of market orientation on firm performance. “Digital technologies can be used to extend, enhance, and enrich boundary-spanning interactions in virtually any new venture or small- and medium-sized enterprise. Thus, it is important to consider the effects of digitalization on the internationalization of SMEs.” (Joensuu-Salo, Sorama, Anmari Viljamaa, and Varamäki. 2018).

Digitalization is disrupting entrepreneurship in two ways. Firstly, the digitalization provides a wide range of novelties. Then, it provides changes in entrepreneurial practices, which can also be considered as a consequence of the first transformation. The term “digital disruption” used to describe the transformative impact produced by digital technologies on how the business, economy, and society operate refers precisely to this second transformation. The pre-digital era businesses' performance depends on appliances and processes, which should be replaced into new ones able to face the digitalization-internationalization process.

Recent studies recognize that internationalization is an essential source of firm growth and improved performance. The capacity to be international is a competitive advantage for the firm, enabling their survival and growth under conditions of globalization.

1.2 Firms become international through the use of digital

It is known that digitalization enhances the internationalization process since, the digital makes it faster, cheaper, and easily adoptable by companies. Those firms which use actively digital technologies and handle digital changes are internet-based companies and

have a different process of internationalization than those which have a different level of digital channels adoption.

The new marketplace on the internet - the digital market- is different from the traditional one. Moreover, the companies that build up their business in this new market are internet-based, as said before. They create value also via the Internet, and they manage the primary and secondary activities of the value chain using digital challenges. However, adopting digital technologies into an ordinary business life may not be as easy as it looks. The ease depends mostly on the level of establishment of a firm and their degree of flexibility. Disruptions affect differently well-established firm and new ones. Therefore, the established firm would encounter more complicated challenges facing digital adoption than new firms because the business process of well-established firms has been done and assimilated many times. Digitalization changes the business practices modifying the competitive advantage of the well-established firms and provides opportunities for new firms. The level of disruption depends on the kind of innovation considered. There are two types of innovation: incremental innovation and the radical one (Henderson and Clark. 1990), which have substantially different effects on established and new firms. These two innovations have such different consequences because they require different organizational capabilities, which are complicated to create and costly to adjust. Moreover, an organization's communication channels developed around those tasks are critical to the company since they are based upon problems, solved after a period of trial, and upon the architectural knowledge, which a company gains time after time. Communication channels embody the architectural knowledge of the product, and so its dominant design which depends on the linkages between components.

Furthermore, the most relevant changes that the digitalization brings are: changing determinants of competitive advantages, reduce transaction costs, reduce asset and location specificity, outsourcing, and offshoring (Wittkop, Zulauf, Wagner. 2018).

Digitalization affects companies' core activities, and the digital market promotes new or young firms despite their limited budget are more flexible and positive in front of a change. It cuts distances, reduces costs, and gives a competitive advantage to new firms on more prominent companies that suffer due to their well-established architectural knowledge created upon other rules, those of the predigital era.

This new business environment, the digital one, challenges companies into a transformational process that goes in-depth and touches the core activities which became strong after a long period of trial. This process is the reason why it is much easier for new or young companies facing digital development. They haven't done before a process of back and forth to find the balance, they still have to do it and are much more flexible than the big established old companies. These challenges approached differently also the international marketplace.

1.2.1 Factors Influencing the Digital Business Strategy

As already said, to compete and succeed in the digital market it is needed a "digital business strategy" (Singh, Guar, and Agarwal. 2017). "Researchers and practitioners agree that the digital business strategy is neither about only technology nor about only other business elements." (Singh, Guar, and Agarwal. 2017).

A company may decide to open new digital channels in order to facilitate communication with the consumers. Alternatively, the company may implement a more sophisticated and complicated process of "digital transformation," which affects the entire business model of a company. This transformation gets the organization to transform itself completely to exploit digital opportunities.

Technology plays a crucial role in defining the digital business strategy since information technology is vital on two sides. Firstly, it is disruptive, and, thus, helps organizations to compete better. Secondly, organizations need it to grow.

Mithas, Tafti, and Mitchell in "How a firm's competitive environment and digital strategic posture Influence digital business strategy" discuss how the environment, where companies work, affects the digital strategy. They think that the digital strategy of an organization is defined as "the difference in the firm's IT activity relative to the industry average of the competition" (Singh, Guar, and Agarwal. 2017). This means that the success of a firm within its industry depends on the average IT level of the marketplace. Thus, a company that invests less than others will have a lower digital strategic posture and vice versa. However, succeeding or not depends basically on the average level, so even though an organization with high grater investments compared to the average might not succeed because it is too different from the others and contrasts with the majority.

Nevertheless, it is worth taking notes that the digital strategic posture depends both on the average IT level of the industry and the type of environment. Whether industry turbulence is excellent, the strategic position is affected in a divergent way. The investments a company does on technology help them succeeding in competition because this industry is characterized by the entrance of new players that are able to move incumbents.

The question is: why it is so important to adopt a digital business strategy? Authors (Sharma, Pereira, Ramasubbu, Tan, and Tschang. 2010) gave a framework, called ADVISOR, which explains why and how to access the value created through the use of a digital business strategy. ADVISOR is an acronym and stays for: adoption by consumers, disruptive innovation, value proposition, interface, service platform, organizing model, revenue, or cost-sharing. The first stands for the maturity level of the customers and whether the consumers embrace the digital tools used by the company. Then, when a company decides to cannibalize their product in favour of new offerings which can change the rules within the industry, there is disruptive innovation. The value proposition does not change its meaning: it refers to the consumers' willingness to pay a specific price for a product or service. The next is the appearance consumers see and feel when approaching the company. Talking about digital infrastructure, the service platform stands for network, software, hardware that has been set up by the organization. Indeed, the organization model is the ecosystem outside the organization. To end up, the R stays for revenue or cost-sharing, which are critical elements for a firm to survive and succeed.

The factors influencing a digital business strategy are both internal and external of an organization. RBV theory, contingency theory, and industrial organization theory.

- Resource-based view theory focuses on the internal factors that affect business performance. It includes structural and behavioural aspects and analyses the endowment of human and material resources as determinants of the firm's competitive advantage. This means that this theory gives evidence of the factors that may be a competitive advantage for companies. These resources can be tangible and intangible.
- Contingency theory support external factors. The idea is that the environment in which the firm plays determines the best way to organize the firm itself. The assumption that there is no best way to run a business, but it depends on the

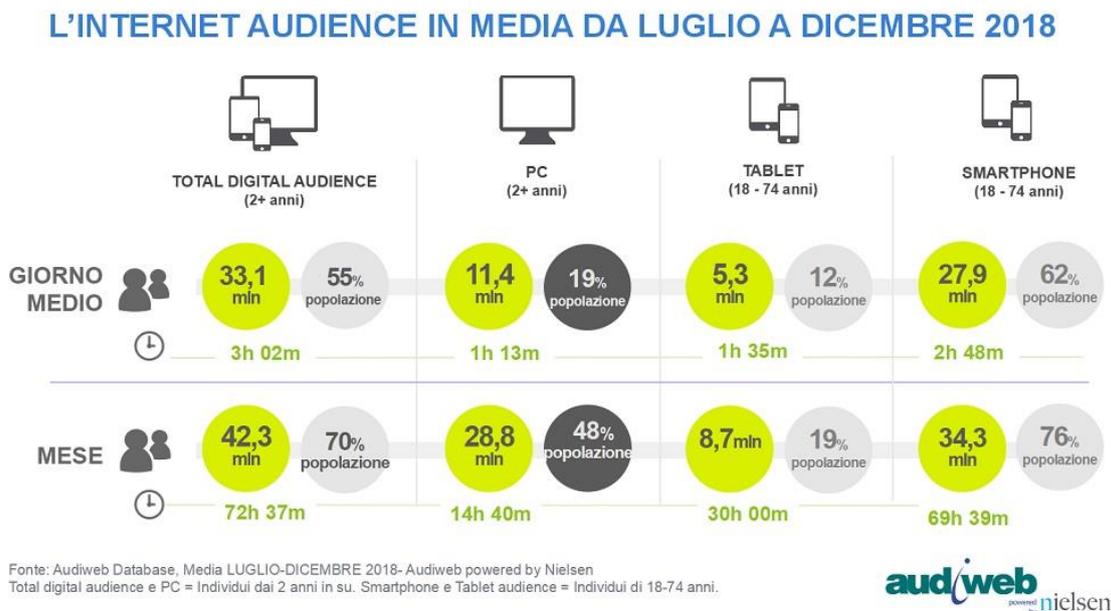
surrounded environment. Thus, the optimal way to organize a company is contingent (dependent) on the industry.

- Industrial organization theory is about how the market structure may influence on the strategic decision making of a firm: “causal link between the structure of a market in which a company operates, the organization’s conduct and in turn the organization’s performance in terms of profitability” (Ramsey, 2001). As in the contingency theory, the focus on the external environment in which the firm operates.

1.3 Digital communication

Over the past decade, the change in the international scenario also changed the media and communication. “The increase of the digitalization of the media and communication content, as well as the growing online communication, have revolutionized international interactions” (Thussu. 2019). What made this progress so fast was the upcoming of mobile phones, which were a trigger for the search of information transforming global communication.

Figure 1.3 (1) Internet audience on average from July to Dicembre 2018



Source: Audiweb powered by Nielsen. 2018

Marketing via the Internet increases rapidly in the last decade since there are over 1.4 billion Internet users worldwide. Although many organizations still don't accomplish the digital challenge, being digital is crucial to survive and to succeed. The growing internet population pushed organizations to think about the internet in terms of sales means. The number of users and the particular Internet structure allowed the firm to reach a higher number of potential consumers much more quickly. This was enough critical to expanding the marketing activities into a new marketing phenomenon that embedded new marketing activities through the Internet and also new conscious consumers.

Therefore, the Internet has become an important channel for e-commerce, and perhaps it will be one of the most used sales channels thanks to its versatile. However, it is also vital to highlight that the Internet offers the possibility of large-scale communication, a global one. Moreover, it provides the biggest basket of information customers can access. This transforms the interaction between organizations and their consumers, moving the marketing process to a consumer-oriented one.

1.3.1 Social media

Business markets are facing a significant change due to an increase in the digitalization and a consequent change in buying behaviours. Social selling is taking place as opportunities and challenges to expand the marketplace. Thus, the sales force is focusing on this new means because they have implications in terms of reach.

Consumers are much more informed thanks to the digitalization, which opens information to a higher number of potential consumers. Moreover, people are becoming less reliant on traditional selling since passive marketing methods are not any more attractive. Consumers feel the need to keep in touch with organizations and want to be part of the process. "In fact, in a recent B2B buyer survey, 82% of the buyers noted that social content has an impact on their buying decisions (Minsky & Quesenberry, 2016)" (Ancillai, Terho, Cardinali, Pascucci. 2019). Social selling has become a professional selling approach. Social media are interaction-enhancing platforms for content creation and networking. Findings show that digital channels are the most excellent tools to have a dialogue with buyers and potential ones, even in those industries not considered to be "social", which means not particularly close to IT.

The article “Advancing social media-driven sales research: establishing conceptual foundations for B-to-B social selling” argues that social selling and the usage of digital channels are selling approaches implementing marketing principles at a sales force level. Looking at social media in terms of sales platform is an immediate understanding of how digitalization challenges sales. Buyers and salespersons' behaviours have been affected by the digital revolution in contemporary B2B and B2C markets. The selling system is embedded in a broader social selling.

However, social media are also a crucial touchpoint between organizations and consumers because they intercept consumer journey before and after the purchase.

Usually, when people think about social selling, they perceive social media as a means to engage new consumers and to maintain good relationships with the old ones. Social media are often seen as a tool to connect people and organizations, a more natural way to interact, and because of this, it is considered fundamental in the firm's decision-making process. Central in social media marketing is being active at the right time and continuously in order to create vital connections with the customers.

1.3.2 Country of origin

With the advent of digital channels both in sales and marketing, organizations have faced unprecedented competitive challenges over the past decade. Bigger countries entered the market, and foreigner countries became competitors. In this scenario, details are enhancing their importance because they help consumers evaluate the product. One of these elements is the country of origin, with the label “Made in..”. It has a significant effect on customers' attitudes. Since consumers evaluate the products through the information cues they have, labelling represents a great source of information. A product has an intrinsic and extrinsic attribute, and the country of origin is considered an extrinsic one. In this perspective is significant the idea that the consumer has about the county. The country's reputation plays a fundamental role when talking about the effect of country of origin in the consumer decision-making process. However, together with the country's reputation, the familiarity that the consumer has with the product is crucial. The more the consumer is familiar with a product, the more the country's reputation loses its importance (Zain and Yasin. 1997). On the contrary, when a consumer does not know

much about a product, he or she uses country of origin as a guarantee. The country's reputation and familiarity can influence the perception of quality.

Within agricultural sectors, the place of origin represents an essential factor in the consumer's purchasing journey. This is the reason why the country of origin (Felzensztein, Hibbert, and Vong. 2004) is considered the fifth element of the marketing mix. This variable creates a competitive advantage that is fundamental for SMEs.

A "place-based" marketing strategy may help in competing in international markets because it is the sign of superior quality, flavour, or what else the territory gives to the product. Moreover, geographic origin is a quality that cannot be easily replicated, and this constitutes a competitive advantage. Studies found out that the COO effect does matter in this industry.

1.4 Digital consumer behaviour in a globalization perspective

Internationalization and globalization equalize consumers' needs worldwide. At the same time, sales could happen anytime. An international sales network derives from the fact that globalization brought consumers' needs at a similar level all around the world. People living in different countries with different cultures and different lifestyles may have the same need due to a constant share of products, services, lifestyles, and whatever can be exported and imported. There are macro-environmental factors as ordinary consumer's needs, global consumers, global channels, comprehensive information, which bring a rapid internationalization are called "born internationals" (Gabrielsson and Pelkonen. 2008).

"In the business community, there is an overwhelming trend of technology – big data, digital devices, and artificial intelligence – being used for any business and marketing strategy." (Noci. 2019). In these terms, marketing practices play a crucial role in building brand equity, which stands for the ability of the brand to find high positioning in the consumer's mind. Moreover, the globalization offers a vast number of alternatives and complementary products or services to the consumers, or even new ones that people were not used to before. In this case, it becomes vital to understand the purchase process at the point where the need emerges. This is the consequence of a shopping process that can happen anytime and anywhere.

Therefore, the approach organizations use to build customer loyalty changes direction. Before consumers should have been loyal to the company, now, organizations have to be loyal in front of the consumer to maintain an active and productive relationship. In this phase, the firm should be able to proactively influence consumer's desire with products or services that neither the consumer knows to need. Feelings and emotions are the core of this strategy since they provoke in the consumer's mind, the sensation of needing a product that was unknown since earlier.

Digitalization and globalization change the whole business on two sides: on the one hand they develop the share of information positively with technological innovations; on the other hand, consumers access that information much easily. This means that a new value chain is required.

1.5 Introducing wine sector

The digital changes e-business which affects especially small and medium enterprises. Studies identified in digital innovations a great help for SMEs. Although internationalization as a new way of doing business cannot be easy, communication innovations support SMEs to be more competitive, even abroad. The "typical local product"¹ becomes immediately globalized.

The same situation happens in the wine market, especially when consumers look at expensive wine bottles. When they have to spend a considerable amount of money, they ask for more details and information. This decision-making process is highly complex because it takes into account a large number of factors, and the Internet represents the best option where gain the information needed.

Berthon (1996) described the new marketing possibilities accessing the internet: "product information, corporate image growth, and interactivity with consumers" (Begalli, Codurri, Gaeta. 2009) "The access to a wide range of products, services, information, and easier communication methods are other favorable factors for SMEs to compete in the global marketplace." (Begalli, Codurri, Gaeta. 2009). As consequences, global adoption of internet provides the opening to new markets. Digital Marketing activities gain

¹ Typical local products are products produced in a specific area and are considered typical of just that region.

importance and companies need skills to deal with information and communication technology (ICT). The lack of that information can cause failure; Web e-business becomes more and more pointed out.

2. Wine and digital marketing

2.1 Wine sector scenario

Wine is an agri-food product that is strictly connected with the land where it is produced, and the wine industry is one of the oldest productions in our society. Thus, wineries are one of the most former business, and it is highly dependent on the geographical area where it is tied. It is much more than just a position, “it involves topography, soil type and quality, climate, and even culture by some definition.” (Flint, Signori, Golicic. 2016).

The wine industry is competitive globally and develops following trends like any other industries. This industry is highly fragmented. Europe (Old World) detain the majority of wine production and consumption. However, the “New World” wineries, coming from Australia, Chile, South Africa, and the U.S., increase the share of the global market. Old World and New World are structurally different for many reasons. The first difference concerns the regulation. Then there are institutional differences: in Europe, governments subsidize small farmers, while in the New World, they do not almost exist. In Europe, wineries are mainly private. Indeed, in the United States, wineries “become publicly traded corporations” (Roberto. 2011). Secondly, there are historical differences. European wineries are family-owned for generations, and wine is part of European culture, it is part of everyday life. While in the United States, wine is enjoyed by a smaller portion of the population in percentage. In Europe, the production is mainly connected with tradition and family than a practical interest in return.

Wine global production is highly fragmented because it is concentrated in the hands of a few leading countries (Italy, which is the leading country, France, Spain). Moreover, the competition has increased the last decade with the advent of emerging countries such as the U.S., Australia, China. The internationalization of wine production and consumption due to the globalization challenges wineries and the whole wine value chain. Wine export is linked with the concept of network relationship because of the latter influence the way of exporting. However, internationalization is critical to surviving in society. Several changes occur, such as the increase of competition, the globalized market, consumers' wine knowledge.

2.1.1 Wineries go digital

The consumer interaction via social networks, blogs, websites, and online virtual communities influences the business activities. Along those lines, the rapid moving into a new phase of marketing business challenges firms that have to face these changes as fast as efficiently. Since the competition increased caused by the expansion of market barriers given by the Internet, organizations have to deal with a higher number of competitors. This phenomenon is called Wine 2.0 and has implications for many organizations, also the wineries.

Regarding more specifically the wine sector, the phase Wine 1.0 (Wine 2.0—The Next Phase of Wine Marketing? Exploring US Winery Adoption of Wine 2.0 Components. Thach. 2009) refers to “wine being featured on the Internet in a passive fashion, such as a basic brochure-style website that includes information on the winery, its product, contact data and perhaps a simple e-commerce engine”. This phase was characterized by an absence of interaction between organizations and consumers, but a passive marketing plan focused on showing passively firm’s products or services. It was still not clear the potential of the Internet in terms of reach. The idea of building, an authentic relationship with consumers, was not get yet. Customers were not able to comment or review on the websites or wherever else. This passive form of internet marketing was not particularly efficient, especially since the consumers were changing so rapidly and got bored by the traditional inexpressive marketing form. They were changing their opinion, and the way they connect to the organizations due to the Internet broke down many barriers. The information was easily accessible to anyone, and this had both positive and negative sides. The information was not anymore under the organization control even though the firm can partly decide what makes available. However, it is not likely to take control of what is going to happen on the Internet.

On the other hand, during phase Wine 2.0, the Internet is used as an engagement means. The tools mostly used are social media, blogs, websites. The idea is creating campaign consumer-oriented in order to increase the engagement and get closer customers, new consumers and potential ones. People should feel part of the process so approach easily to the organizations. Noteworthy is also that the Wine 1.0 marketing activities are not abandoned but instead are implemented in those of Wine 2.0.

The next phase is called Wine 3.0. In this phase, consumers are actively interacting with the organizations through comments, reviews, critics, or anything that can create a strong relationship between the consumer and the firm. Even the virtual reality plays an interesting role in its ability to smell and experience wine via Computer.

Figure 2.2 (1) Components of Wine 1.0, 2.0, and 3.0

Wine 1.0	Wine 2.0	Wine 3.0 (Not here yet)
One-way communication Components:	Two-way communication Components—Wine 1.0 plus:	Experiential Forecasted components—Wine 1.0 and 2.0 plus:
<input type="checkbox"/> Brochure style website <input type="checkbox"/> Fax <input type="checkbox"/> Phone <input type="checkbox"/> Email <input type="checkbox"/> Transactional e-commerce	<input type="checkbox"/> Wine blogs <input type="checkbox"/> Social networking <input type="checkbox"/> Twitter <input type="checkbox"/> Wine vlogs <input type="checkbox"/> Wine podcasts <input type="checkbox"/> Message boards <input type="checkbox"/> Interactive e-commerce	<input type="checkbox"/> Wine reviews accessible via cell phone and bar code on wine bottle. <input type="checkbox"/> Virtual reality wine tasting—ability to smell and experience wine via computer. <input type="checkbox"/> Avatars

Source: Thach. 2009

Going more in-depth with Wine 2.0, the tools are mostly interactive, such as wine blogs, in which bloggers write down opinions, comments, reviews about wine. Blogs can be established by a private consumer or by a winery; more in general, anyone who wants to write something can do it by using a blog. One of the most appreciated functions of a blog is possible to type comments related to an article. In this way, a connection between the writer and the respondents is created. Another tool is represented by social media which allow people to set up a personal space where they can express their opinion.

Wine blog and wine podcasts are online videos and audiotapes about wine. Wine blogs are more popular than wine podcasts. Wineries or consumers can produce both and publish them to entertain consumers on the websites in the case of wineries, or they are done to do a review, and they are placed on platforms such as YouTube or Viddler.com.

Noteworthy is also the theme of interactive e-commerce. These sales places are characterized by a sophisticated database which memories previous order done by consumers. This is quite helpful when the same consumer logs in again on the website, and he is guided along with similar purchase decision as the ones he did previously. This system is also connected to the newsletter marketing tool that incorporates discounts, coupons, or whatever can encourage the consumer to come back again and buy.

2.1.2 Sensorial wine tasting

Wineries must stay on point with those digital challenges since the Internet is the preferred channel used by the new generations, which are the current and the new consumers. Wine businesses should set up an engagement marketing strategy to respond efficiently and rapidly to new consumers.

Moreover, it is helpful to succeed in digital challenges since they identify opportunities for wine Internet marketing. Leskovec (2007) studied that reviewing does not encourage purchasing. However, there are some products, such as wine, that take advantage of internet recommendations since wine is a product that requires “knowledge and information to purchase and where recommendations work well.” Wine, like food, for example, is a kind of product that needs to be tested before being bought. However, tasting is not always allowed during the purchase process. In this case, recommendations play a fundamental role because they can communicate sensations and emotions about a product. They can provide a helpful opinion about a product that needs more than just a review because it involves other senses. This evidence means that blogs, social networking, might influence wine purchase.

2.2 Digital marketing opportunities for wineries

To analyse the online wine world should be enough calculate and study the viral content wine-wise available online. “the topic “wine” is found in approximately 21 million videos, 6.5 million images and 800 million pages gathered on Google, 9 million videos on YouTube and more than 400,000 apps.” (Wine, family businesses, and web: marketing strategies to compete effectively. Iaia, Scorrano, Fait, and Cavallo. 2017). Going more in-depth, there are more than 58.5 million people who drink regularly, at least once a month, worldwide. A vast majority of those drinkers search for information on the Internet, publish comments about their opinion (Wine Intelligence, 2015). All of this contributes to global word-of-mouth, thereby influencing other users.

The growing use of the Internet that consumers do in order to find information about wine and winemaking brands before purchasing also changed the communication strategy companies have to implement. The reason is given by the evidence that social media, blogs and whatever can create a bidirectional relation between the consumer and the firm is becoming the most critical point of contact before, during, and after the purchase

decision. Consumers like keeping in touch with known or new brands through the Internet. They have access to much information, which are a crucial topic for a firm's strategy. It is essential taking under control that information and learn how to create engaging content for potential consumers. The Internet has become the first image of a firm for consumers who are searching for information via computer.

Some studies found out that the perceived value of a product increases or decreases after having been searched for it on the Internet. A winery can create value on two levels: the wine's quality and online contact with the customers — tangible and intangible aspects, either important. Specifically, in the intangible aspect, what create value is loyalty. The firm has to be loyal in front of the customer; thus, the customer will be faithful to the firm. When a company reaches this level of loyalty, it acquires a specific position in the consumer's mind, which takes over competitors.

For this reason, the online strategy should focus more on a sincere and loyal relationship with consumers in order to succeed over its competitors. One of the things that can create loyalty is the generation of experiences given by online contact. Positive ones will upgrade the brand in the consumer's mind.

2.2.1 Wineries websites

Talking about the wineries' website, it is possible identifying three different kinds of sites according to their structure (Iaia, Scorrano, Fait, and Cavallo. 2017). One that gives just informative qualities, then more complex websites through which consumers can actively ask for more information and proceeding to the purchase, to end with the more complex which allows the user to complete the purchase process on his own. A website is essential for many reasons: it provides information that a consumer can ask for when he keeps in touch with the organization for the first time, and it should give even more deepen knowledge that encourages the consumer to remain on the site; it is also quite useful when a selling occurs since the consumer and the firm don't need an intermediate; a website is helpful in developing and establishing long-term relationship with the final user.

2.2.2 Information perception

Noteworthy, websites play a crucial role since they influence consumers' perception of the brand, the wine's quality, and also the price users are willing to pay. Taylor and Francis (2006) researched, which are the factors influencing the "willingness to pay (WTP) for intrinsically motivated online content (IMOC)." There were six theoretical hypotheses: "1)WTP for a Web site delivering IMOC is positively influenced by consumers' perceptions of its expected, 2)WTP for a Web site delivering IMOC is positively influenced by consumers' perceptions of the overall technical quality of the site delivering that content, 3) WTP for a Web site delivering IMOC is positively influenced by consumers' perceptions of the reputation of the provider delivering that content, 4) Consumers' perceptions of the expected benefits associated with a Web site delivering IMOC are positively influenced by consumers' perceptions of the overall technical quality of that Web site, 5) Consumers' perceptions of the expected benefits associated with a Web site delivering IMOC are positively influenced by consumers' perceptions of the reputation of the provider delivering, 6) s 6: Consumers' perceptions of the overall technical quality of a Web site delivering IMOC are positively influenced by consumers' perceptions of the reputation of the provider delivering."

The overall evaluation of a website depends on several variables. First of all, its completeness: it should convey as much information as required by the users, both potential and old consumers. Then a website has to be useful since if the information is available but not well presented, the website results to be ineffective in terms of reach. The next quality is the ability to create a brand positioning in the consumers' mind and a brand image. However, also the existence of sales component on the websites help users to trust in the company's websites. Another critical part of the websites that involve the consumer directly, such as interactive activities, allows consumers to become loyal to the brand. The final goal is creating a community in which users are free to express their own opinion, share them with other users, and to stay in contact with them through the usage of Wine 2.0 tools. The overall importance of all of this stay in the quality perceived of the website.

2.3 Communication strategy for different wine target audience

Wine is a versatile product that is sold to experts, professionals, people who do business with wine, but also it enters the mass market, and anyone can buy and appreciate it. Wine communication is addressed to a various number of different buyers. This is the reason why it is different when referring to an audience or another one. It is needed a different communication for many reasons: they have a piece of diverse background knowledge and experience, they are searching for the wine for various purposes, they taste it differently.

Sillania, Miccolia, Nassivera (2017) examined four different types of audiences. The first one is a sample of professionals, people who have experience in the wine sector. In the second sample, some people work in the organic food industry. Then, the third and the fourth are samples of respectively, a regular wine consumer and two samples of general tourists. Figure 2.4(1) shows the relative importance of each marketing communication tool in determining the preferences expressed by the samples. Whether looking at the rows and comparing the results, it seems that there are no significant differences among the five samples. However, comparing the columns, it results in the more significant marketing tools for each sample. As shown by the figure, wine and organic are the most critical attribute in determining the preferences among all the five categories of audiences. Then, the price is also relevant to the samples.

Figure 2.4 (1) Relative importance of attributes in determining preferences (%)

Attributes	Samples of professionals		Samples of consumers / tourists							
	Organic products (A)	Wine (B)	General tourists / Travel agencies (C)		General tourists / Seaside resorts (D)		Wine tourists (E)			
Wine	(a) 19.66	cdefg	20.35	cdefg	21.88	cdefg	21.20	cdefg	20.27	cdefg
Organic	(b) 22.19	adcefg	20.47	cdefg	19.87	cdefg	19.56	cdefg	21.08	cdefg
Price	(c) 14.41	defg	13.73	de	15.04	defg	15.62	def	14.00	def
Closure	(d) 9.44		10.63		9.59		9.79		10.17	
QR	(e) 11.62		10.97		10.66		10.48		10.22	
Landscape	(f) 10.81		11.63		10.99		10.78		10.99	
Language	(g) 11.87	d	12.23		11.96		12.56		13.27	de

Source: Sillania, Miccolia, Nassivera. 2017

This study concludes that some attributes impact on the samples with typical sensitivity, others that appear slightly different from one sample to the other. The direct conclusion to this is that companies should implement digital marketing strategies different, with some common points, for each of the segments of audiences. However, it is not enough

since different audiences use different tools. The strategy should take into consideration both the difference among the audiences and the diverse type of devices.

2.3.1 Factors influencing wine consumption

“Wine consumers around the world are very similar in how they can be segmented.” (Flint, Signori, and Golicic. 2016). Wine is a complex product, and the consumer faces tons of wine brands to pick out. The determinants of the consumption behaviour are linked to the attributes of the product and its intrinsic and extrinsic cues. Digital era and globalization created new markets and so new competitors and targets that companies have to deal with to succeed. While before this decades, the majority of the firms worldwide had had a local view, now they should expand their vision to a more global one.

The more significant scenario brought a new way to face the markets since companies are meeting new and different types of consumers with broader knowledge and expertise. From this specialization, the understanding of both novice and experienced consumers make a big difference in marketing communication. Novice and experienced consumers have different attitudes, points of view, which change profoundly the way they face the wine market asking for various topics. To better analyse this behavioural difference given by the level of knowledge, Lara Agnoli, Roberta Capitello and Diego Begalli (2015) used the theory of planned behavior (TPB) (Ajzen, 1991) to study which are the determinates that push a consumer into and towards a market, specifically wine market.

Wine is a product with a high grade of complexity since it is considered an enjoyable experience. This means that its quality, its goodness, and also the willingness to pay cannot be accessed until after it has been consumed. The attributes of a wine are either tangible and intangible. However, often, wine’s purchase comes a lot from consumers’ knowledge. Therefore, there are three significant variables that influence the purchase decision process of a wine: tangible aspects, intangible ones, and consumers’ expertise. Moreover, noteworthy is that there is a vast variety of wine brands that overcomplicate the decision. Now, wine is reasonably considered a “complicated” product.

The decision-making process of a consumer is relevant for the companies since, when studied, it allows the organizations to meet consumers’ needs easier and to understand

which are the business challenges that have to be overcome in order to get the consumers closer. The theory of planned behaviour (TPB) can be pretty useful for understanding the underlying intention. It assumes that behavioural actions depend on many variables. First, “the attitude towards that behaviour, that is, “a learned predisposition to respond in a consistently favourable or unfavourable manner concerning a given object” (Fishbein and Ajzen, 1975, p.6)”. This particular attitude leads people to respond to a determined object always in the same ways, or better still with the same behavioural characteristics, which are unconsciously learned during their lifetime. The second regards the social pressure and how an individual evaluates it. A person can feel the behaviour of reference people or groups and as consequences the social pressure as positively or negatively. This means that people act according also to the social idea about something. The more positive is a general opinion, the more favourably a wine is considered. Third, the perceived control over a behavioural intention. It is a common thought that plans are under human control, but, actually, it depends. There is a degree of control that guides the person in performing. However, the behaviour effect is often unaware and unconscious action. Moreover, regarding this third aspect, people behave according to the ability they possess. Whether they do not have the required skills cannot perform a “given behaviour.”

Analysing this TPB in the wine market, it is notably that novice consumers do not have the control of wine consumer behaviour. Because of this, the Agnolli, Capitello, and Begalli (2015) introduce the concept of risk linked to wine consumption. These two concepts seem to be particularly interrelated, mostly in the novice market, where the expertise is low. “The higher the perceived risk is, the lower the perceived behavioural control will be (Gluckman, 1990; Mitchell and Greatorex, 1989; Spawton, 1991)”. Spawton (1991) said that the majority of the wine’s consumers are highly risking sensitive. He studied three kinds of risks: psychological, functional, economic. The psychological risk regards self-esteem and how a negative or positive decision affects the self-image. Functional chance stands for the inability to set the qualities of a wine before it has been consumed. The last one, the economic risk, is the value associated with wine in terms of money. Then, it has to be taken into consideration the wide variety and the full amount of wine and wineries that a consumer can access. Moreover, the distribution channels as the communication channels create even more complexity in a market dominated by a “complicate” product. Novice consumers are those who are most exposed

to this complexity, trying to cope with it asking for information to experts, or searching on the Internet.

2.3.1 Novice and experts

Novice and experts respond differently to the stimuli and ask and search for different information. A consumer is considered to know about wine when it has familiarity with the product, together with the ability to manage product-related tasks, also called consumer expertise. Knowledge and expertise are attitudes that play before making a choice. Indeed, a novice cannot take advantage of those attitudes and encounter the risk. Inexperienced consumers base their decisions upon external and material factors, such as details, physical criteria of the bottle, marketing campaigns, stereotypes, emotions, origin, reputation.

Figure 2.3.1 (1) Characteristics of novice and expert consumers

Characteristics	Novice consumers	Experienced consumers
Product familiarity (Taylor-West <i>et al.</i> , 2008)	Low	High
Product exposure (Alba and Hutchinson, 1987)	Low	High
Cognitive approach (Gregan-Paxton and John, 1997)	Perceptive	Epistemic
Information (Alba and Hutchinson, 1987; Chen <i>et al.</i> , 2009; Chen and Chaiken, 1999; Czellar and Luna, 2010; Dillon <i>et al.</i> , 2001; Maheswaran, 1994; Su <i>et al.</i> , 2008; Viot, 2012; Yang <i>et al.</i> , 2013; Langner and Krengel, 2013)	Passive approach, relying on recall, few details, stereotyped information	Active search for information and systematic assessment
Impact of extrinsic and intrinsic cues on choice (Pecotich and Ward, 2007; Rao and Monroe, 1988; Wagner <i>et al.</i> 2001)	More driven by extrinsic cues	Generally more driven by intrinsic cues, sometimes relying on extrinsic cues
Origin (Chocarro <i>et al.</i> , 2009; Pecotich and Ward, 2007)	Highly driven by product origin	More driven by product brand than product origin
Brand assessment (Czellar and Luna, 2010; Dillon <i>et al.</i> , 2001)	Through first impression	Through multiple and concrete product attributes
Preferred stores (Bharadwaj <i>et al.</i> , 2009; Dash <i>et al.</i> , 1976)	Department stores	Specialty stores and customised selling systems
Influence of advertising (Ackerberg, 2001; Yang <i>et al.</i> , 2013; LaTour <i>et al.</i> , 2011)	High influence, passive approach	Low influence, proactive approach

Source: Authors' elaboration

Source: Agnoli Capitello and Begalli. 2015

Indeed, experienced consumers focus their decision mostly on more specific attributes that define the wine. These attributes are functional and intrinsic ones and generally are

more concrete than those which novices refer to, such as information about the vineyards, grape variety, blind hedonic liking.

Advertising plays a crucial role when it occurs to focus on novice since it has a great impact; while experts are influenced by advertising just in terms of persuasion. The difference between experts and novices when advertising happens stays at the information level. Experts do not look into advertising to search for information because they are much more critical, and they can get dissimulated information. Indeed, inexperienced consumers use also advertising as a place where to find useful information. In this perspective, advertising is seen as informative and persuasive.

The perception plays a crucial role, especially in novices. Attitude is seen in terms of the perception of the risk and perceived behavioural control. Since Olsen and Jacoby (1972) and Bearden and Shimp (1982) explained how extrinsic cues might reduce the perception of the risk, while intrinsic cues vary accordingly to the experience of the consumer since they can be accessed after the consumption.

2.4 Wine marketing: place-based planning

The wine industry is characterized by a myriad of brands which complicate the brand recognition, and anything related to a specific brand unless there is a good marketing practice which defines a winery compared to the others. As globalization took place, the complexity increased, and being recognizable becomes more and more difficult. By having a strong brand, it is possible to have higher income, competitive advantage, better competitive position, and more price flexibility. Mergers, acquisitions, joint ventures, and other strategic arrangements are attractive ways to penetrate a new market, and a strong brand succeeds easily. In the wine market, grapes are the key ingredient in winemaking, and the origin too since it affects the flavour. In this perspective, marketing communication shifted to the consumer's mind focusing on perception, instead. Beforehand, marketing strategy was thought to have communicate functions, such as awareness, knowledge, information, but then the perception overcomes this phase.

A “place-based” marketing strategy may help in competing in international markets because it is the sign of superior quality, flavour, or what else the territory gives to the product. Moreover, geographic origin is a quality that cannot be easily replicated, and this constitutes a competitive advantage. Studies found out that the COO effect does matter

in this industry. Frequently happens to observe a difference in the price for similar products on the regional origin. Product origin is associated with reputation for quality measure (Geography versus brands in a global wine market, 2006). This is the reason why boosting a marketing campaign on the country of origin seems to be an important vehicle of quality.

Reputation, with the country of origin, is an attribute which consumer use to provide an opinion about a wine or winery. Shapiro studied that reputation gives a notable advantage since it helps consumers to evaluate a brand for the quality of producers and regions. Moreover, it is an indicator that allows companies to set a premium price. Although its intangible nature, a good reputation is a synonym of a good business that invites consumers to approach the brand positively. Reputation is a long-term investment that set loyalty, fidelity, and long-term relationships

2.4.1 Country of origin

One of the attributes that influence mostly consumers' perception, either novices or experienced, is the country of origin. With the advent of digital channels both in sales and marketing, European wine producers have faced unprecedented competitive challenges over the past decade. Bigger countries entered the market, and foreigners wine producers became competitors.

Consumers are interested in the geographical origin of the wine. Because of this, it is important to concentrate part of the marketing plan in creating an image in the consumer's mind about the country in order to create a natural country association that is known as the country of origin effect or region origin effect. This effect can play in favour or against a winery depending on the segment the winery is working on (Flint, Signori, and Golicic. 2016). However, a winery that wants to leverage the country of origin effect in the marketing campaign has to identify the markets which are interested in its wine and that know and have an idea of the country of origin reputation. Therefore, wine producers of a varietal coming not from a well-known nation for that have to overcome the country of origin effect. Along those lines, it is challenging for wineries coming up with this effect.

Within these agricultural products, the place of origin represents an important factor in the consumer's purchasing journey. This is the reason why the country of origin is considered the fifth element of the marketing mix (Felzensztein, Hibbert, and Vong.

2008). This variable creates a competitive advantage that is fundamental for SMEs. The figure below shows some wine varieties and the countries they are associated with, even in the consumer's mind. The country association is a key driver in the purchase decision because consumers associate a wine varietal with a specific country and give more quality importance to this common association, which is not necessarily correct.

Figure 2.4.1 (1) Country of association for some wine varieties

<i>Some well-known wine varieties</i>	<i>Country of association (correctly or incorrectly)</i>
Brunello, Bardolino, Barolo, Barbaresco, Chianti, Valpolicella	Italy
Bordeaux, Burgundy	France
Rioja	Spain
Malbec	Argentina
Riesling	Germany
Shiraz	Australia
Orange Wine	Slovenia
<i>Becoming confused in global markets due to numerous high-quality options</i>	
Chardonnay, Merlot, Cabernet Sauvignon, Pinot Noir	France, United States, Australia
Sauvignon Blanc	France and New Zealand
Pinot Grigio	Italian version of Pinot Gris but grown around the world

Source: Flint, Signori and Golobic. 2016

2.4.2 Territorial wine marketing

The concept of territorial marketing is strictly related to the country of origin. Territorial marketing is marketing activities that are created for the interest, the growth, the success of a delimited geographical area. It is a regional activity focused on the territory in order to accomplish the goal of making it known nationally and abroad for specific characteristics. It gives importance to the services offered, to investing in infrastructure, to promote the area at its best.

Furthermore, all the industries and the firms of the area interested from territorial marketing benefit from this in terms of sales, image, identity within the country and

abroad. Countries with a high level of territorial marketing activities are also those who can boast a product well-known.

2.4.3 Geography versus brands: U.S. example

Consumers have an idea of the brand given by the reputation, the country of origin, the place where the grapes grow. Considering all these factors, a consumer evaluates the producer's ability to provide a premium price based on regional performances. Moreover, their willingness to pay depends also on the expert's opinion.

In the "geography versus brand in a global wine market," 2006, Gunter Schamel analyses the U.S. wine market price data and the quality indicator using a hedonic model. This study provides the value of producer brands versus geographical indicators. In the hedonic model used for this study, the price is a function of a product attribute. The conclusions bring three lessons:

- Experts' opinions and producer quality are essential in the esteem of the cost, and they have a positive impact on it;
- In the U.S., regional reputation is a public good, and the study shows a regional differentiation reinforced by the protection of geographical indications;
- The price difference and the different significance of foreign wine can be explained since U.S. consumers may not have all the information about international regions. This stands for home bias as proximity.

2.5 European wine exports towards emerging markets

The role of geographical identity takes place when an agricultural product possesses determined attributes that cannot be replicated elsewhere. These attributes are given by the interaction between geographic factors and producers' expertise. The European Union established the protection of designations of origin (PDO) and geographical indications (PGI) to protect local producers and avoid and discourage false imitation. The protection of the labels PDO and PGI is documented in regulations No 607/2009 and No 1308/ 2013 of the European Parliament and Council of the European Union. They decided to implement a regulatory statement in order to protect Europe and products from imitation

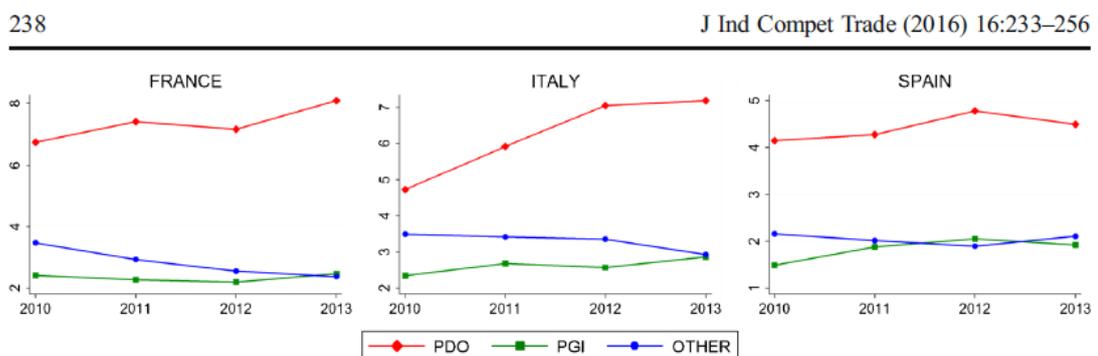
and false labels and to protect the consumers who do not know what they are buying. Agostino and Trivieri (2014) found out that wines with the denomination PDO or PGI, so confirmed quality wines, have a positive evaluation in international markets. Indeed, regarding bulk wine, the wine without a denomination is considered a commodity, especially abroad.

PDO and PGI are labels that help consumers to evaluate wine’s quality since they are considered a certification quality and are able to differentiate products. However, just the companies which require those labels are allowed to exhibit the geographical identity that is a positive signal for consumer and also a validation of quality.

Agostino and Trivieri (2014) studied the link between the denomination and “positive pay-off in terms of greater export values, volumes and presence in different export markets” (Mariarosaria Agostino and Francesco Trivieri. 2015). They found out that a wine produced in a specific region is connected to ho higher export values. Therefore, this means that European wine labelling of quality may have higher export margins on international markets. It is easier for them to enter new destinations areas. Wine producers prefer having higher prices rather than produce a large amount of wine at a lower price since they benefit from the quality labels, and it is strongly recognized. Thus, strategy results to be very successful for small firms that cannot take advantage of scale economies and produce a large amount of wine.

In the figure, the unit value of PDO is higher than the PGI and other wine. Looking at the three exporters, it is notable that France wine always has the highest PDO, and in contrast, Spain has the lowest. Regarding the Italian case, it has “the greatest increase in

Figure 2.5 (1) Annual means of unit value (in US \$). All importers



Source: Agostino and Trivieri (2015)

unit value across the years (about 25%)”. The other wine result to be comparable among the three exporters.

2.5.1 Recent trends in the international wine market

What is also interesting to study is a little analysis of the macro and micro levels of the wine market in 2015. From a macro perspective, from 2000 to 2015, international wine trade grew about 75% in volume and doubled in value. In 2015 had been imported 98 million hectolitres, increasing 1% compared to 2014 (Eugenio Pomarici, 2016). In these fifteen years, the increase was not constant due to the 2008 crisis. At the macro-level, evaluating international trade is crucial in the next years and also how the industry structure will change. The industry is characterized by a myriad of wine brands, which are either small and medium enterprises. Forecasting is risky since society evolves discontinuously.

At the micro-level, indeed, wine is a composition of local and standard features. Marketing is important to communicate the vision and the mission of a winery. There is an entirely new vision of the ecological approach. Simultaneously, the consumer becomes the centre of the strategy, positioning itself as the final goal of a marketing strategy involved in the process of co-creation and co-definition.

Internationalization means exploiting resources, and this is quite different when talking about SMEs and MNEs due to the difference in internal resources. The dimension of the company has substantial consequences on the type of business it runs. SMEs face resources constrains both personal and financial compared to MNEs, which generally have many more resources because of the size. The lack of human resources and financial one's impact on business decisions. Taking decisions is strictly connected with the concept of risk. SMEs are less risky than MNEs because they face barriers, both financial and informational, much more than MNEs because MNEs can benefit from economies of scale. This is an explanation of the negative relation between export and firm size.

2.5.2 BRICS case

BRICS is an acronym used to identify Brazil, Russia, India, China, and South Africa. These countries are emerging countries and are developing countries also in the wine sector.

Figure 2.5.2 (1) shows that west Europe and Anglo-Saxons countries take up the majority of PDO shares, quite the same for Italy and Spain, and a bit less for France. The other macro world regions, out of BRICS, absorb little percentages of PDO shares.

Figure 2.5.2 (1) Exports of PDO and PGI by world region and towards BRICS countries

	France				Italy				Spain			
	PDO		PGI		PDO		PGI		PDO		PGI	
	2010-1	2012-3	2010-1	2012-3	2010-1	2012-3	2010-1	2012-3	2010-1	2012-3	2010-1	2012-3
West Europe	52.99	49.92	62.76	59.17	57.32	56.67	53.93	51.81	69.02	65.30	72.55	73.59
Anglo-Saxon (extra-European)	19.36	21.50	14.45	17.32	31.50	30.99	36.52	37.63	18.10	18.43	10.97	9.45
East Asia and Pacific, high-income	16.89	16.28	9.58	10.20	4.09	4.97	3.72	4.02	3.69	5.10	3.56	5.38
East Asia and Pacific, excl. high-income	6.12	6.92	7.86	7.89	1.44	1.86	1.58	1.48	2.15	3.44	3.63	4.90
Sub-Saharan Africa	1.53	1.74	3.00	2.59	0.19	0.17	0.12	0.17	0.29	0.39	3.06	0.85
Latin America and Caribbean	1.39	1.71	1.29	1.52	1.36	1.24	1.44	1.62	5.47	5.45	2.51	3.25
East Europe and Central Asia	1.30	1.48	0.85	0.90	3.98	4.03	2.63	3.17	1.30	1.81	3.69	2.07
Middle East and North Africa	0.38	0.35	0.22	0.29	0.03	0.02	0.04	0.02	0.05	0.06	0.13	0.11
South Asia	0.12	0.10	0.14	0.15	0.08	0.07	0.05	0.06	0.02	0.03	0.03	0.02
China	5.43	6.15	8.69	9.54	1.14	1.50	1.33	1.27	1.98	3.23	3.35	4.65
Brazil	0.60	0.60	0.77	0.39	0.78	0.63	0.85	0.78	0.77	0.83	1.46	0.78
Russia	0.38	0.57	0.31	0.29	2.90	2.14	1.73	2.13	0.29	0.31	0.46	0.54
South Africa	0.19	0.21	0.07	0.06	0.03	0.04	0.02	0.04	0.02	0.03	0.03	0.02
India	0.07	0.05	0.01	0.03	0.05	0.04	0.03	0.04	0.02	0.02	0.02	0.01
Total	6.65	7.59	9.85	10.31	4.90	4.35	3.96	4.27	3.07	4.41	5.31	6.01

Our calculations on EUROSTAT (<http://epp.eurostat.ec.europa.eu/newxtweb/setupdimselection.do#>) data. PDO and PGI stand for Protected Designation of Origin and Protected Geographical Indication, respectively. This table reports the averages of the ratios between the annual exports of PDO (PGI) towards each World Region and total PDO (PGI) exports. The categorization we adopt follows the World Bank list of economies (1 July 2011) for all world regions, except for Anglo-Saxon (extra-European), East Asia and Pacific (high-income), and West Europe, which are our aggregations obtained by grouping countries (all high-income, both OECD and non OECD) that the World Bank does not include in any World Regions. Such countries are: Australia, Canada, New Zealand, and USA (Anglo-Saxon, extra-European); Hong Kong, Japan, Korea Rep., Macao and Singapore (East Asia and Pacific, high-income); Andorra, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Greenland, Hungary, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, San Marino, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom (West Europe)

Source: Agostino and Trivieri (2015)

Also looking at the PGI, the results are similar to those of PDO.

2.6 Consumers wine knowledge

The complexity of the wine market provides too many choices that a consumer might be confused about. Here comes the consumer's knowledge, which is significant when it occurs to make a purchase. The experience of a product might determine the purchase decision either positively or negatively. The wine market is an information-intensive market, and its products possess intrinsic and extrinsic cues making the decision even more complicated.

“Buying wine successfully requires considerable knowledge by customers” (Consumer wine knowledge: components and segments. Albert Caruana, 2017).

Brucks (1985) identified two pieces of knowledge when talking about wine: objective and subjective.

- Objective knowledge refers to what consumers know because it is known, and it is a set of information. It is related to the moment before making a decision.
- The subjective knowledge refers to what is perceived. This kind of knowledge seems to be stronger than the objective one.

The purchase happens either online and offline. The latter considers retail purchasing, thus, on stores. Casini (2009) studied the differences between high and low involvement of the wine purchase process. The region is the attribute more connected with high involvement, while the price is more used when low involvement. Then the involvement and the consequent decision depend on the age.

Stening and Lockshn (2001) compared online and offline purchasing and found out that online purchasing was higher-priced and more significant shopping than an in-store purchase. Then, they studied that online purchasing frequently happens in city centres where parking and transporting the wine may be difficult.

2.6.1 Generation Y

As mentioned before, there are many different wine targets due to the degree of expertise. Each target corresponds to a communication plan. However, there is a target market that cannot be considered experienced but drink wine occasionally (once or twice a week). In the broad consumer target market, there is a specific target, Gen Y, which becomes more notable when the digital era occurred. Gen Y stays for people born between 1980 and 1991.

What makes this generation particularly notable is the use it does of the smartphone. Mobile users increase every day, but in 2013 the 94% of people 18-29 years were using smartphones and 75% of 50-64 years. These persons are so crucial because they represent a massive piece of wine consumer target. The question is: “To what extent is consumer

behaviour shaped by the use of mobile devices, and what are the Gen-Y cohort's expectations when they consider purchasing wine?"

Pelet, Lecat (2014) examined Generation Y in wine consumption. They figured out that occasional drinkers compose the 45% for consumers below 25 years old, while the percentage is 50 between 25 and 34 years. Then, the wine market Council published data which enhance that Generation Y consumes 25% of the total wine volume.

3. Italian wine sector

3.1 An overview of the Italian wine industry

The wine sector in Italy is enormous in terms of turnover, export, and production. It takes a central role in the agri-food system due to its profitability. The industry book 2019, a study conducted by UniCredit about the last tendencies, shows that the Italian wine sector dynamically increased in 2018 remaining globally competitive.

This sector in Italy and has a turnover of about 11 billion euro, which is 18% of the total national agri-food turnover. The export is around 6.2 billion euro. In 2018 the production was 48.5 million hectolitres. Because of this, Italy is confirmed for the fourth consecutive year as the first global wine producer. Italy produces 17% of wine production worldwide.

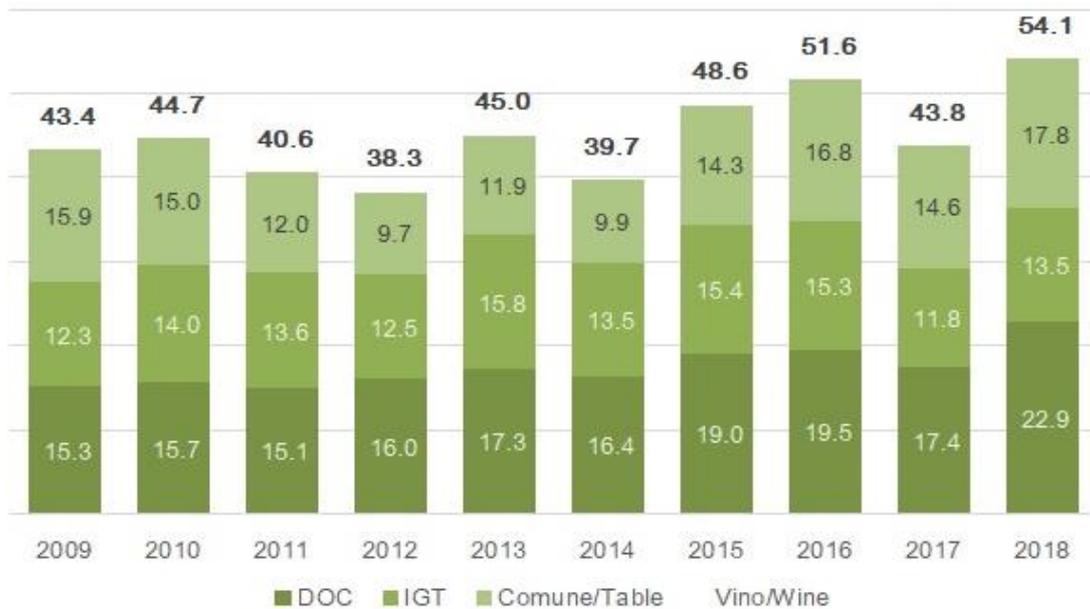
Figure 3.1 (1) Wine production

million hl	2014	2015	2016	2017 ^b	2018 ^c	2018/2017 Variation in volume	2018/2017 Variation in %
Italy	44.2	50.0	50.9	42.5	48.5	6.0	14%
France	46.5	47.0	45.2	36.6	46.4	9.8	27%
Spain	39.5	37.7	39.7	32.5	40.9	8.4	26%
USA*	23.1	21.7	23.7	23.3	23.9	0.5	2%
Argentina	15.2	13.4	9.4	11.8	14.5	2.7	23%
China**	11.6	11.5	11.4	10.8	NA		
Chile	9.9	12.9	10.1	9.5	12.9	3.4	36%
Australia	11.9	11.9	13.1	13.7	12.5	-1.2	-9%
Germany	9.2	8.8	9.0	7.5	9.8	2.3	31%
South Africa	11.5	11.2	10.5	10.8	9.5	-1.4	-12%
Portugal	6.2	7.0	6.0	6.7	5.3	-1.5	-22%
Romania	3.7	3.6	3.3	4.3	5.2	0.9	21%
Russian Federation	5.1	5.6	5.2	6.3	3.9	-2.4	-38%
Hungary	2.4	2.6	2.5	2.5	3.4	0.8	32%
Brazil	2.6	2.7	1.3	3.6	3.4	-0.2	-4%
New Zealand	3.2	2.3	3.1	2.9	3.0	0.2	6%
Austria	2.0	2.3	2.0	2.5	3.0	0.5	20%
Greece	2.8	2.5	2.5	2.6	2.2	-0.4	-15%
Moldova	1.6	1.6	1.5	1.8	2.0	0.2	12%
Georgia	1.2	1.5	1.2	1.3	2.0	0.7	57%
Bulgaria	0.8	1.4	1.2	1.2	1.1	-0.0	-1%
Switzerland	0.9	0.9	1.1	0.8	1.1	0.3	39%
World	270	273	266	248	279	31	13%

Source: OIV Statistical Report on World Vitiviniculture. 2018

In particular, it increases the production of DOC wine (+ 21,7 every year, which are either +23,4% of red wine and +20,5 of white wine), while the IGP grew about 2,5% each year. Italy produces either DOC e IGP wines. Italy holds the world record of IG (DOC and IGP) certificates, with a total of 523 certificates. The 68% of Italian wine annual production in 2018 is DOC or IGP.

Figure 3.1 (2) Italian wine production excluding wort (hl/1000)



Source: www.inumeridelvino.it

The industry book 2019 analyses also the wine market from two points of view: the consumption one and the broader wine market one. Regarding consumption, in the last 15 years, it grew by about 6,6%, which 243 million hectolitres at the end of 2017 (Oiv data)². The growth is especially backed by South American developing economies and by Asian economies such as China, which more than doubled its consumption. The United States of America is the first global consumer at the end of 2017 with 32 million hectolitres, while Italy is the third consumer with 22 million hectorites consumed.

² Oiv: International organization of vine and wine. It is an intergovernmental technical and scientific entity that operates in the grape and wine field.

Figure 3.1 (3) Wine consumption

million hl	2013	2014	2015	2016	2017 ^b	2017/2013 Variation in volume	2017/2013 Variation in %
USA	30.8	30.6	30.9	31.7	32.6	1.8	5.7%
France	27.8	27.5	27.3	27.1	27.0	-0.8	-2.8%
Italy	20.8	19.5	21.4	22.4	22.6	1.8	8.0%
Germany	20.4	20.3	20.5	20.2	20.1	-0.3	-1.3%
China	16.5	15.5	16.2	17.3	17.9	1.4	8.2%
United Kingdom	12.7	12.6	12.7	12.9	12.7	-0.0	-0.0%
Spain	9.8	9.8	9.8	9.9	10.5	0.6	6.4%
Argentina	10.4	9.9	10.3	9.4	8.9	-1.4	-15.2%
Russian Federation	10.4	9.6	9.2	9.1	8.9	-1.5	-16.5%
Australia	5.4	5.4	5.5	5.4	5.9	0.6	10.4%
Canada	4.9	4.6	4.8	5.0	4.9	0.1	1.0%
Portugal	4.2	4.3	4.8	4.7	5.2	1.1	23.1%
South Africa	3.7	4.0	4.3	4.4	4.5	0.8	18.7%
Romania	4.6	4.7	4.0	3.8	4.1	-0.4	-10.9%
Japan	3.4	3.5	3.5	3.5	3.5	0.1	2.9%
Netherlands	3.3	3.4	3.5	3.4	3.5	0.2	4.9%
Brazil	3.5	3.2	3.3	3.1	3.3	-0.2	-6.8%
Belgium	2.9	2.7	3.0	3.0	3.0	0.1	3.8%
Switzerland	2.9	2.8	2.8	2.7	2.7	-0.2	-7.5%
Austria	2.8	3.0	2.4	2.4	2.4	-0.4	-16.0%
Sweden	2.4	2.3	2.3	2.4	2.4	-0.0	-0.5%
Hungary	2.0	2.3	2.1	2.1	2.4	0.4	17.5%
Greece	3.0	2.6	2.4	2.3	2.3	-0.7	-30.8%
Chile	2.9	3.0	2.6	2.4	2.2	-0.7	-30.7%
Serbia	2.3	2.4	1.5	1.5	2.0	-0.3	-23.2%
Czech Republic	1.6	1.6	1.9	1.9	1.8	0.3	13.1%
Denmark	1.6	1.6	1.6	1.6	1.5	-0.1	-4.8%
Poland	0.9	1.0	1.1	1.1	1.2	0.2	21.6%
Croatia	1.4	1.2	1.1	1.2	1.1	-0.3	-21.8%
Mexico	0.9	0.9	0.8	1.1	1.1	0.2	14.1%
World	242	238	239	240	244	2	0.9%

Sources: OIV, Press

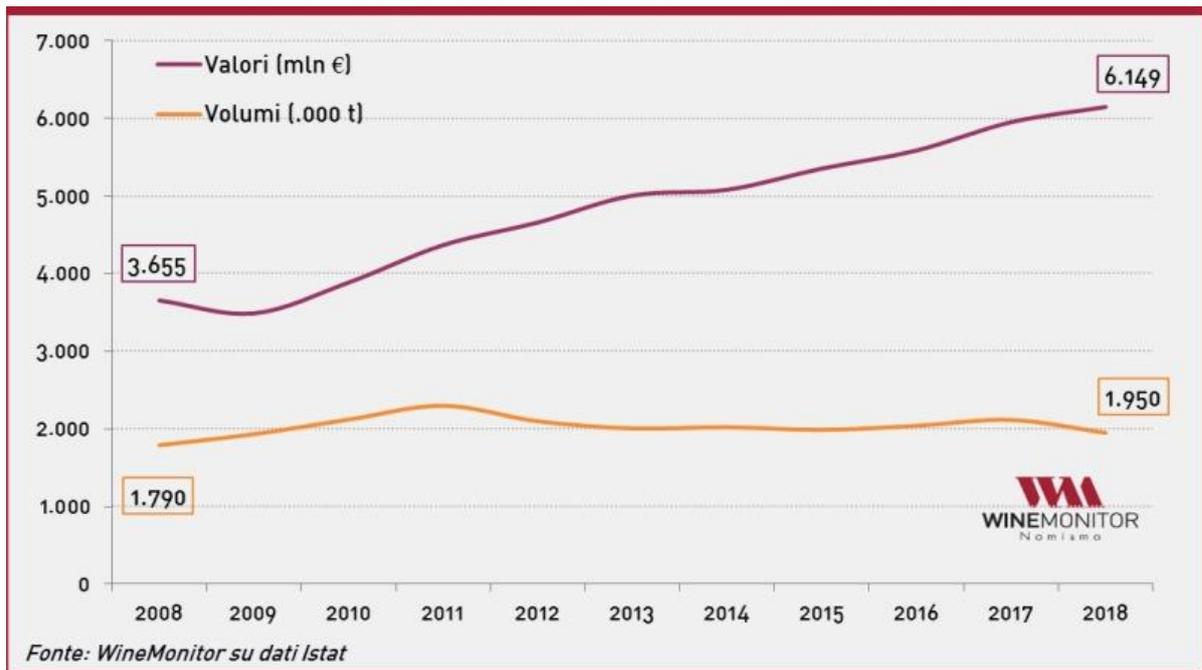
a) Countries with a wine consumption of more than 1 mhl

b) Provisional data

Source: OIV Statistical Report on World Vitiviniculture 2018

On the other hand, the analysis from the market side shows that in 2018, the wine sales overcome 30 million euros, increasing by about 0.8% from 2017, even though volumes decreased about -6.7%.

Figure 3.1 (4) Italian export trend from 2008 to 2018



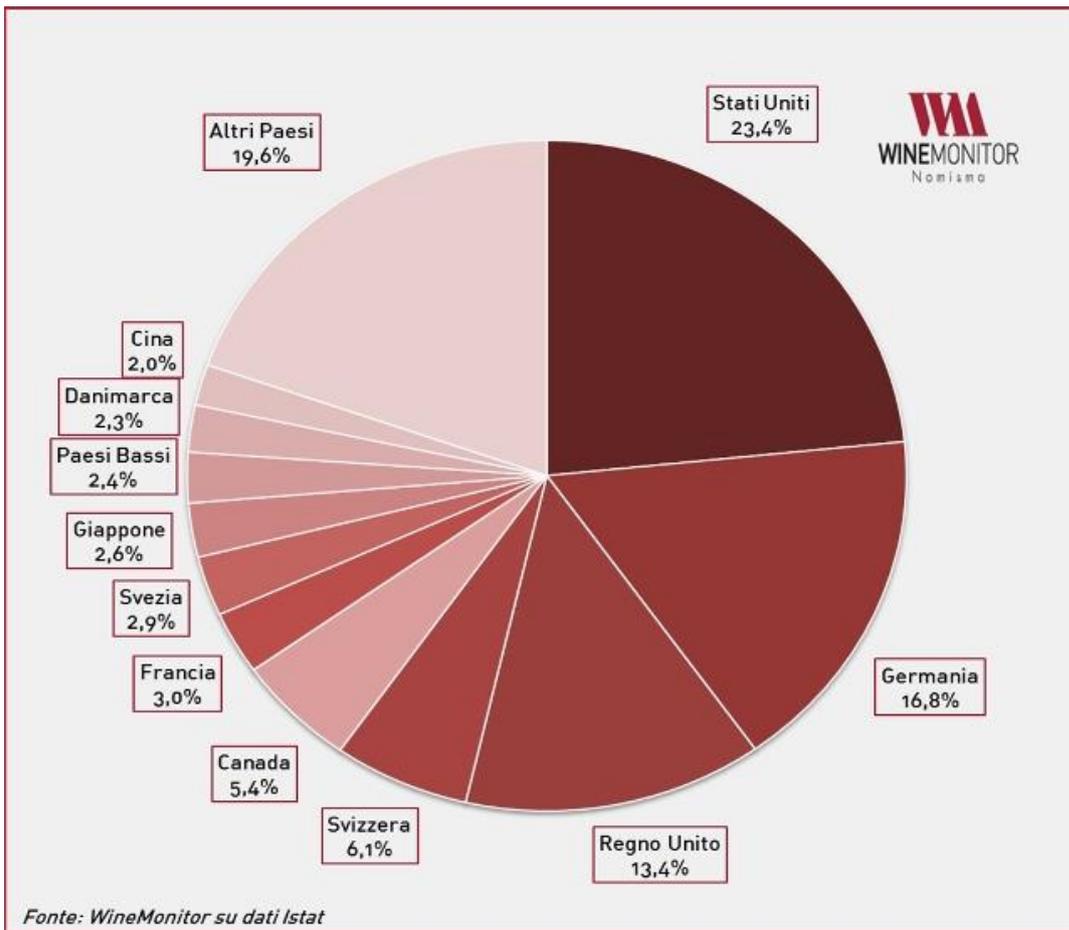
Source: www.winemonitor.it

3.1.1 Italian wine export

The first ten wine importers worldwide cover 67% of the total import. Vice versa, the exporters are much more concentrated. The first three European countries export 60% of the global export. Italy exports 19.8%, which corresponds to 6.2 billion euro in foreigner markets.

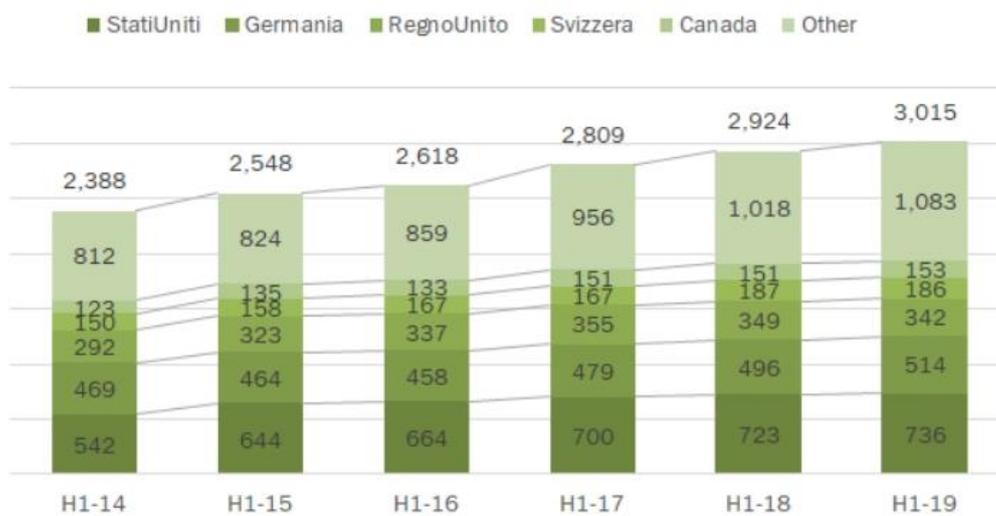
Another interesting evaluation is that recently, Italian export focused more on quality. This figured out when there is a rapid growth of sales in value rather than volumes that remain stable. In 2018 the sales value increased by about 3,3% on 2017 even though the volumes decreased. USA, Germany, and England are the biggest importers of Italian wine with a percentage of 53 on the total export of Italian wine.

Figure 3.1.1 (1) The main markets for Italian wine export



Source: www.winemonitor.it 2018

Figure 3.1.1 (2) Total Italian wine export (EUR)- first half

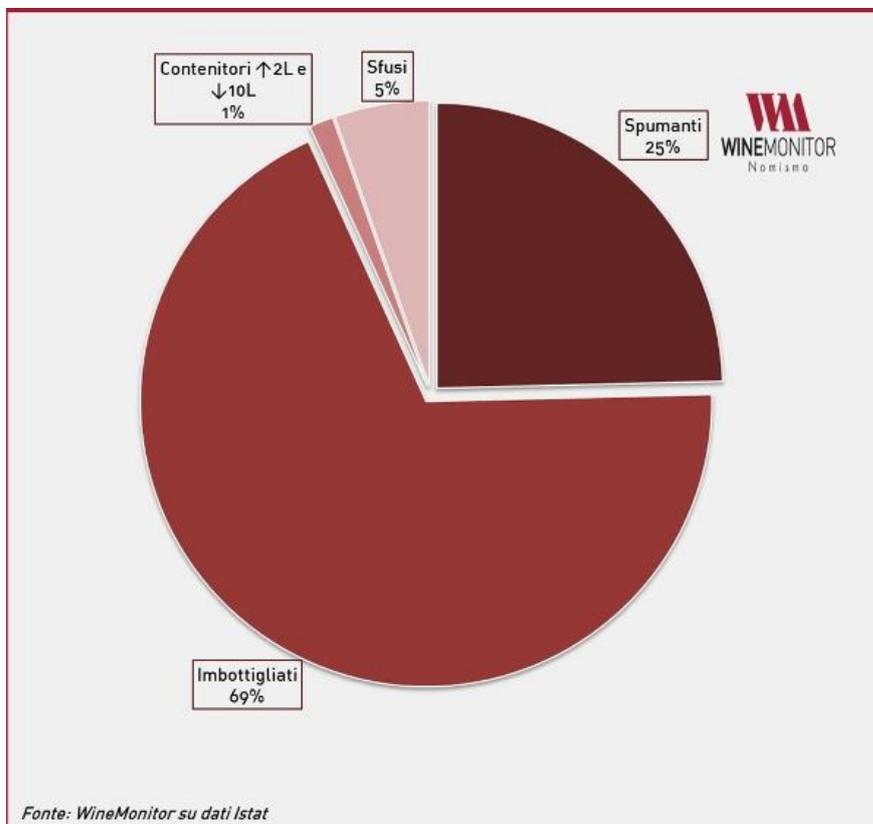


Source: www.inumeridelvino.it 2019

Oiv forecasts an increase in the wine sector turnover about 1,5% each year for the next five years, overcoming 350 billion dollars.

Then, Italian wine is different for typologies as we can see from the figure below: sparkling wine, bottled wine (red wine, white wine, still white and red wine, and so on), bulk wine and a little percentage of pretty small or quite big bottles which not refers to the standard wine selling. UniCredit evaluated the Italian export on the base Nomisma-Wine Monitor³ data, which shows that the most interesting future markets for still wine will be China, Canada, Japan. Indeed, for sparkling wine, the most compelling markets will be Canada, the USA, and China.

Figure 3.1.1 (3) Distribution per typology of italian wine export



Source: www.winemonitor.it 2018

³ Nomisma- Wine Monitor: Nomisma is an agency that does research activities, consulting for enterprises, associations, public administrations on a national and international level. Wine Monitor is the Nomisma observatory on the wine market.

3.2 Italian wine SME's

In Italy, the majority of the companies are family-owned due to the Italian typical industrial structure. The Italian wine sector is not different, so vineyards and wineries are generally small, and family-owned. However, the market is also characterized by companies which a high level of management that are typically bigger and more specialized.

The family-owned organizational model has become more and more interesting because of its implication caused by familiar influence. This may affect business performance. Gallucci and Nave (2011) in "Family vs. Non-Family: un'analisi sulle performance nel Wine Business" studied how the family nature of the business influence the entrepreneurial decisions. The "family power" or "familiness" may or may not be a competitive advantage on those companies which are "non-family." Some studies make an evidence of the strengths of the family effect: a reduction in the costs used to control the company; the ease of reaching an agreement for a long-term strategic vision; families are more into protecting their own business since it is a family value; more efficient investments; know-how.

At the same time, it can affect the business negatively: the industry is centred in the hands of few; lack of managerial skills; the tendency to protect too much the company; family conflicts; opportunism; free riding.

In the Italian wine sector, there are, also, shareholding companies such as SRL or SPA which are economically autonomous or depending on national or international groups. Then, cooperatives and consortiums take place in the wine sector involved in the production and the selling of the wine.

3.2.1 Internationalization strategies of Italian wine SMEs

Internationalising means expanding a business abroad. Italian wineries use two main strategies to go abroad: export and acquisition. Export is the most used one, mainly for a territorial reason: the wine, its properties, and flavour depend on the place where they grow. Because of this, often, exporting is the only way possible to be successful abroad. However, there are also cases of acquisitions that focus more on other elements than on the country of origin. Some companies may decide for this second strategy to exploit the know-how and the brand name abroad to make it easier with production and consumption.

Moreover, there is also an economic factor that has to be taken into account. As said above, the majority of the Italian wineries are tiny and cannot afford investments as acquisition even though they can be profitable in the long run. Another variable that should be considered is the risk. Exporting is way less risky than acquiring foreigner vineyards. To be successful, being risky is necessary, but it is feasible just under some circumstances; otherwise, it is highly hazardous.

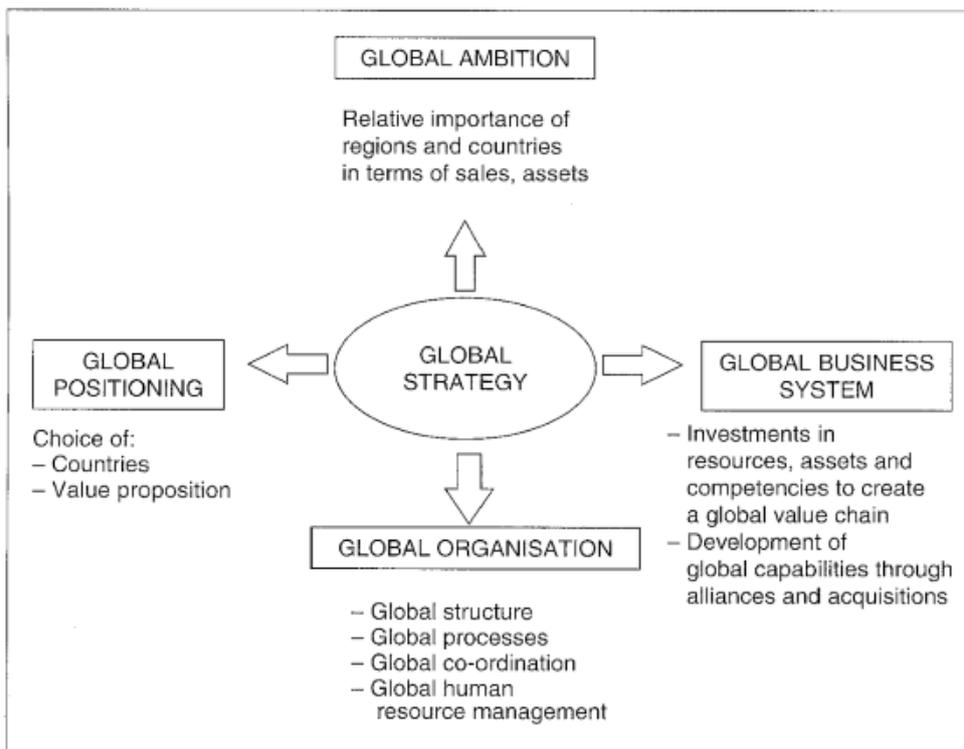
Analysing the entry strategy, it is also essential looking at the firm's exporting behavioural theories, such as RVB theory, which focuses on the drivers in the internationalization process. The contingency theory and the industrial organization theory count as much as RVB theory. They suggest that the environment influences the firm's export performance. While RVB focuses more on internal factors, the other two approaches support the external ones.

3.2.2 Risk and opportunities of internationalization in the wine sector

The internationalization process involves some decisions, such as where to export. Then, it involves decisions on the geographical position where to acquire a vineyard and also where to implement the operational asset. The latter can take place in the country of origin or even abroad.

To go internationally, it is essential to evaluate some factors such as risk, opportunities, attractiveness. The global strategy allows companies to prospect in a long-term firm's objectives for the global market. The global strategy framework (P. Lasserre, *Global Strategic Management*, 2018) offers a view of all the operations, components that should be taken into consideration when internationalizing. It serves to figure out which assets the company wants to set on the new marketplace.

Figure 3.2.2 (1) The process of globalization



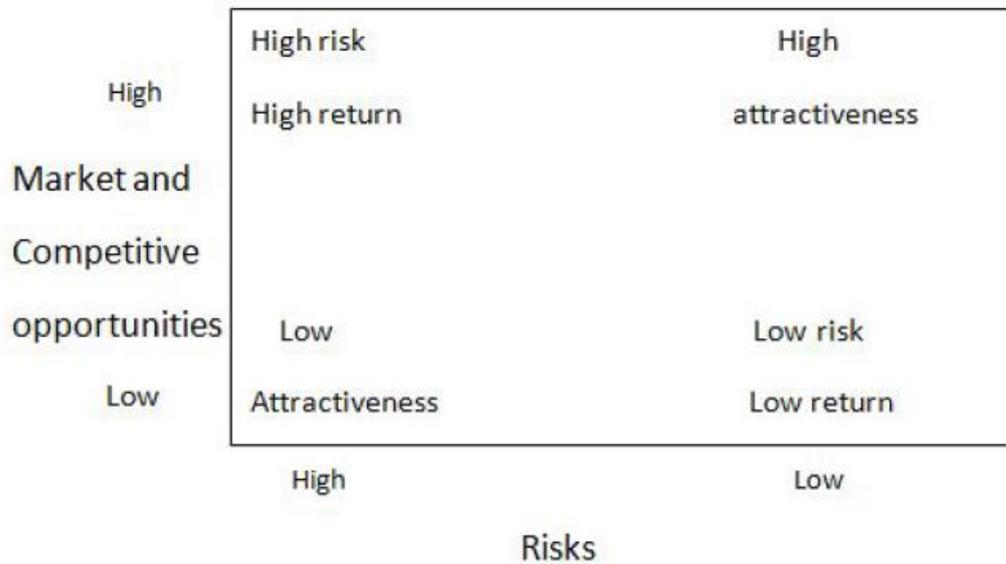
Source: Lasserre. 2018

One of the most important factors that have to be analysed before taking any decision is the country a company is going to invest on, either when exporting or acquiring. The country appears to be feasible when it is attractive, but what does it mean? “A country will be attractive to foreign investors if in investing in that country, they get a return that is equal or higher than their risk-adjusted the weighted cost of capital”. When evaluating an investment, there are two crucial points:

- Whether the market, the resource prospect, the competitive conditions of the country the company is going to invest in are profitable in terms of returns,
- The risk of operating in this country is acceptable for the whole company; thus, employees, stakeholders, shareholders.

Investment is mainly assessing risks and opportunities trade-off. Figure 3.2.2 (2) shows the possibilities of interaction on different levels of opportunities and threats.

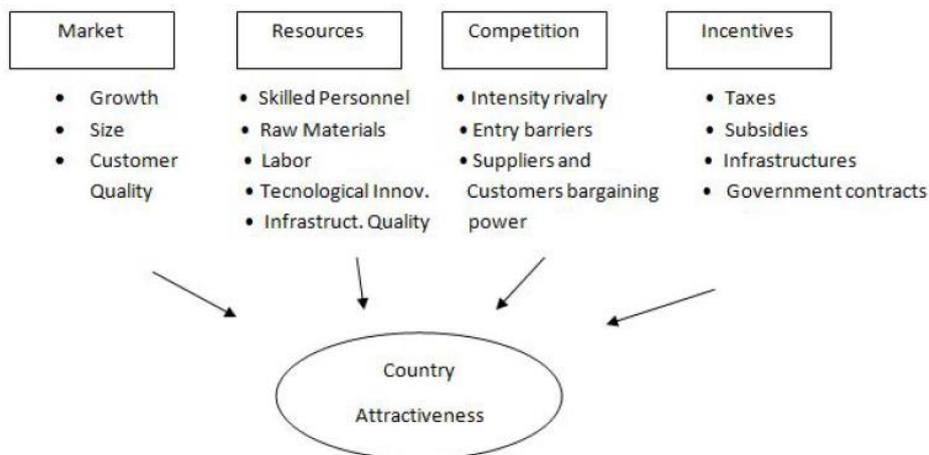
Figure 3.2.2 (2) General Investment Framework



Source: Lasserre. 2018

Therefore, it is crucial to get the opportunities of a foreign country in terms of market, resources, competition, and incentives. This framework sums all the factors that make a country attractive. The more a country is attractive, the more the investment will be profitable.

Figure 3.2.2 (3) Framework for country market and industry attractiveness assessment



Source: Lasserre. 2018

In analysing the attractiveness of a country, it is necessary also to study the network since it helps to frame a country within a regional and world trade structure. The position a country has in the network has substantial implications in terms of growth since it depends on the relations (John Boamah, Michael Appiah-Kubi, Martin Osei. 2018). Network analysis has become much more critical than studying factors such as culture and politics because understanding the flow of goods, services, and capital is crucial.

The Italian wine system has been affected by the crisis, even though less than in other sectors. Although the wine sector relatively felt the crisis, the new era of globalization and digitalization pushed companies to internationalize in order to succeed. Notwithstanding, as the food market, the wine sector is strictly connected with the territory. The strategy that allows maintaining quality standards in exporting due to the company does not have to alter its production process. Moreover, exporting is an entry mode less risky at the investment level.

3.2.3 Network analysis for the internationalization process

Going more in-depth into the network analysis and its importance, primarily when it occurs to evaluate a country's attractiveness, it becomes more evident the importance of relationships-specificity than the country-specificity. What matters is the flow of information, business and capital that influence the way a country does business. However, the literature lacks research on this topic, and it is confused.

In the article “Agri-Food Clusters, Wine Tourism, and Foreign Markets. The Role of Local Networks for SME’s Internationalization” Fabio Mussoa, Barbara Francionia (2015), studied that it is common that on specific area firms belonging to the same industry grow close to one another. This phenomenon is the concept of local specialization, which has been studied, highlighting that the presence of firms with the same production within the same sector has to do with the territory. This happens because the local expertise, the know-how, the producer’s ability depends on a process of trials lasting years. Moreover, the raw material cannot be found elsewhere, and this makes the process and the expertise unique and inimitable. More precisely, in the wine industry, as well as in the agri-food one, the specialization comes from the environment, which is

characterized by know-how related to a specific area that is irreplaceable somewhere else. The competitive advantage of these firms has to do also with the “channel-related district economies” since the relationships coming from a local system play a crucial within the market, mainly because of the visibility. Several firms connected from a relation channel have higher visibility than one big firm playing alone. Local specialization brings, as natural consequences of many firms belonging to the same industry growing in the same area, to a competition scene. The concentration of many firms in an area competing can be defined as a business ecosystem: “complex, networked systems in which a variety of firms coexist, and interdependent and symbiotic relationships are formed.” The business ecosystem is characterized by:

- The interconnection of a large number of companies that depend on the others;
- Essential competition and cooperation;
- The business ecosystem is a dynamic structure that evolves continuously.

The network has substantial consequences in the entry process, either side: a firm going abroad and a country receiving a foreigner firm that decided to invest in it. Notwithstanding, the network relationships are useful for the firms within the industry because they can use others’ resources, have experiential knowledge without having passed the same long trial process, acquire information much more efficiently, and reduce costs.

Deepening in the wine sector network relationships, Dalmoro (2013) figured out that wineries can take advantage of the network because it permits to share information, to create contacts, to easily get access to resources and to highlight their brand either within the Italian market and into foreigner ones. The industry of wine in Italy has a particular structure that suffers from the lack of financial resources, contacts, managerial skills, and these advantages help wineries in exploiting their brand abroad through the export. The business ecosystem is a reality that has to be created from those operating in it, such as wineries’ owners, producers, cooperatives, consortiums who establish a personal connection, organize events, or any other activities to support the expansion of the relationships.

In the wine business literature, networks are defined as “inter-connected organizational relationships” (Dalmoro, 2013) and are a critical and crucial part when talking about

internationalization. The network is useful to create selling opportunities since wine tourism can create new networks resulting in the process of internationalization. International travellers play an essential role in wine tourism, acquiring knowledge when traveling and bring it at home. Word-of-mouth is a powerful tool to share information and make them international. In this perspective, a good brand image and a strong identity help tourist in memorizing the winery.

On the other hand, networks also have negative aspects: problems in co-operation called dissolution risk and becoming dependent on a few poorly partners (Vissak, Francioni, and Musso, 2016). The co-operation problems result mainly from weak human relations. As human beings often happen that we destroy our creation because of behavioural incompatibilities, feelings, and whatever can cause people to get away from each other. Thus, co-operation problems stand for “distrust, partners’ weak commitment (Awuah *et al.*, 2011), changing expectations, misunderstandings, and conflicts (Ring and Van de Ven, 1994)”. Then, one of the strengths of the Italian network is that within an industry, there is a considerable number of companies that depend on the others. Because of this, in this contest, becoming dependent on just a few partners, maybe not even strong, may be unsuccessful due to the lack of interconnection with the other players who belong to the same industry.

The table 3.2.3 (1) sum up the positive and negative aspects regarding a network. However, in general, the study concluded that a winery needs networks to play actively within the market either when competing and when cooperating. The advantages of a relationships network are crucial to overcome foreigner barriers and to expand the market.

Figure 3.2.3 (1) The role of (wine tourists’) networks in firms’ internationalization

Impacts	Network and international business literature	(Wine) tourism and wine business literature
Positive	<p>International customers, suppliers or competitors can trigger a firm’s internationalization (Chetty and Blankenburg Holm, 2000; Johanson and Mattsson, 1988)</p> <p>Using partners’ resources (Chetty and Wilson, 2003; Håkansson and Snehota, 1989; Johanson and Vahlne, 2009; Loane and Bell, 2006)</p> <p>Developing the competencies (Awuah <i>et al.</i>, 2011) and capabilities necessary for internationalization (Gadde and Håkansson, 2001)</p> <p>Acquiring other firms’ knowledge without going through the same experiences (Eriksson <i>et al.</i>, 1998; Loane and Bell, 2006; Zhou <i>et al.</i>, 2007)</p> <p>Learning about partners’ business conditions and network relationships (Johanson and Johanson, 1999)</p>	<p>Increasing internationalization likelihood (Maurel, 2009; Zen <i>et al.</i>, 2011)</p> <p>Growth (Brown and Butler, 1995)</p> <p>Contacting already international firms (Dalmoro, 2013)</p> <p>Selling wine through relationships created or initiated by tourists (Francioni and Musso 2015; Kulendran and Wilson, 2000)</p> <p>Sharing information, creating contacts, getting access to necessary resources, promoting activities abroad and improving wines’ foreign and local image (Dalmoro, 2013)</p> <p>Attracting wine tourists (Lewis <i>et al.</i>, 2015)</p>
Negative	<p>Reducing market entry costs, time and risks (Coviello and Munro, 1995; Zhou <i>et al.</i>, 2007)</p> <p>Discovering new business opportunities (Awuah <i>et al.</i>, 2011)</p> <p>“Mortality” of business relationships (Pressey and Mathews, 2003)</p> <p>Dissolution of relationships caused by distrust or insufficient commitment of partners (Awuah <i>et al.</i>, 2011)</p> <p>Partners’ poor performance (Eriksson <i>et al.</i>, 2014)</p> <p>Changing expectations, misunderstandings and conflicts (Ring and Van de Ven, 1994)</p> <p>Becoming strongly dependent on a limited number of partners (Eriksson <i>et al.</i>, 2014)</p> <p>Partners force the firm to terminate relationships with others (Coviello and Munro, 1995)</p> <p>Inability to develop beneficial relationships (Coviello, 2006)</p> <p>Exiting foreign markets due to partnership problems (Vissak and Francioni, 2013)</p>	<p>Problems with network partners (Karelakis <i>et al.</i>, 2008)</p> <p>Insufficient profitability (Brown and Butler, 1995)</p> <p>Insufficient export performance (Karelakis <i>et al.</i>, 2008)</p> <p>Losing individual identity (Francioni and Musso, 2015)</p> <p>Failed internationalization due to unsuccessful attempts to create network relationships (Francioni and Musso, 2015; Francioni <i>et al.</i>, 2017) or due to being too passive in using networks (Nunes and Franco, 2015)</p>

3.2.4 Difficulties in the internationalization process of Italian wine SMEs

Internationalization is a key concept in the growth of a company, and it needs a specific strategy in order to sell products or services abroad. Although some companies may not be interested in expanding their market abroad, the natural surviving internationalization process puts them at a disadvantage since they become not competing anymore.

Italian SMEs were forced to reconsider the importance of internationalization in a long-term run since it is a key driver for survival entities. However, an interesting point in favour of small and medium businesses is the shift towards higher quality products. Those products are an excellent opportunity for SMEs because they are not able to produce a large amount of wine due to their dimension. Indeed, quality wine allows SMEs to compete equally with other companies since it does not depend on quantity.

SMEs encountered difficulties while internationalizing due to obstacles about managerial, financial, and market-related barriers because of their structure. In the second chapter, it is studied how perception is a variable related to export, how it influences export either when looking at the macroeconomic environment, and when choosing a business strategy. This is the reason why it becomes important in adopting perceptual measures since “management action is driven by perceptions of company performance rather than by objective calibration of its performance characteristics” (Katsikeas et al., 1996).

Firstly, it is crucial to understand perceptions of export barriers in order to figure out whether they can be overcome since literature found a link between export performance and perceived barriers. Exporting depends a lot on the financial measures taken by the firm, which seems to be close to the managerial attitudes and perceptions. Christopher KarlKöhr, Luca Camanzi, Giulio Malorgio (2018) divided perceptions barriers into the following groups: managerial, financial, and market-based. Shaw and Darroch (2004) thought that the financial variables are those which affect the export performance strongly because these are considered the most significant barriers. In this perspective, there are two kinds of costs: direct and indirect.

- Direct costs that derive from exporting are also called tariff barriers.

- Indirect costs are those needed to adapt to the standards of the foreign market, such as administrative costs.

This second type of costs is much more relevant in the analysis of wine export and have been seen that they influence the export performance. Companies that have incurred in these costs invest just if the marginal return overcomes the marginal costs. These barriers are also called informational barriers and were already studied by Johanson and Vahlne (1977) into the theory of the *Uppsala school*. These barriers represent a key constrain during the internationalization process of SMEs due to the limited resources. Perceived informational barriers are a key indicator of a firm's export performance.

Then, Cahen proposed a new division of the barriers after the problem of the language has been recognized. Barriers are institutional barriers, organizational capabilities barriers, and human resources barriers. The third group is the one involved when occurring the language problem, which is a crucial constraint during managerial decisions.

3.3 International scenario

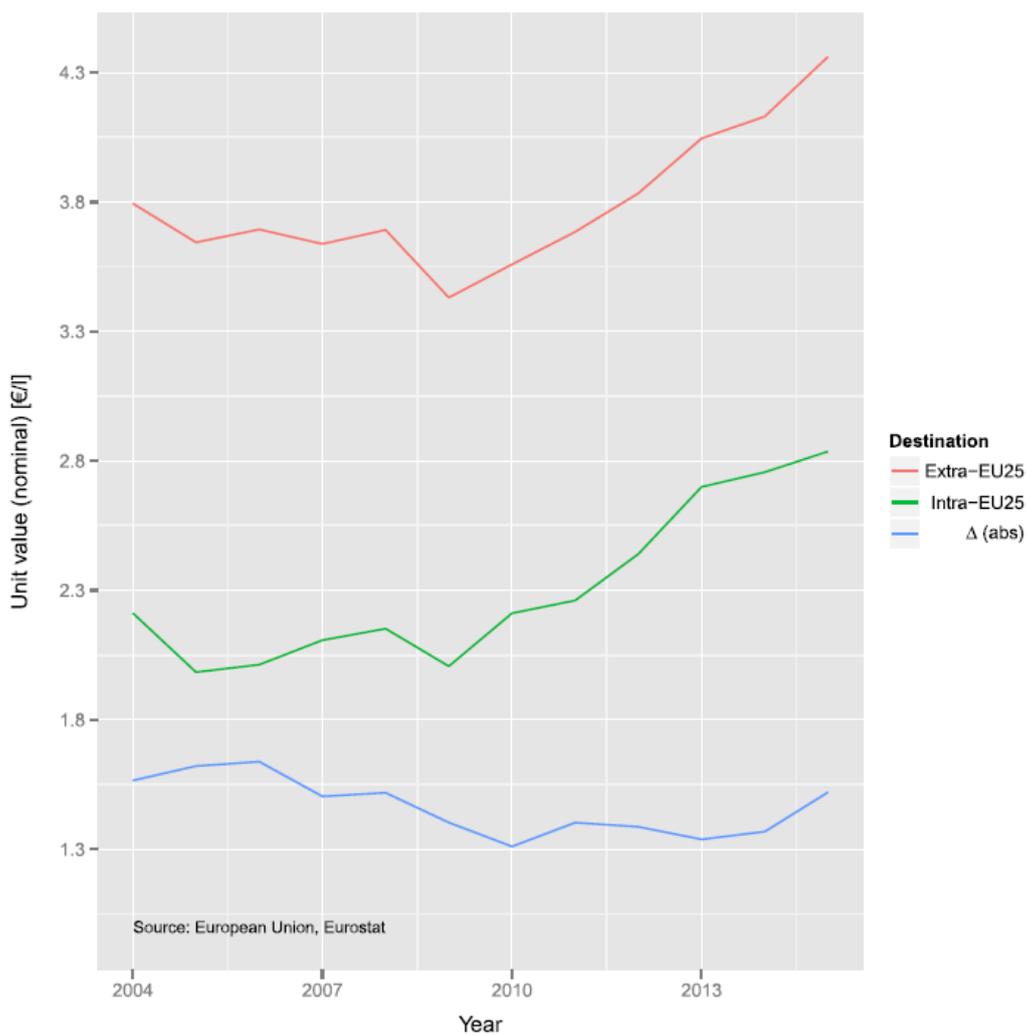
Wineries expansion frequently happens through export since its less risky than acquiring and because the wine sector has a strong connection with the territory in which it develops. During exporting wineries face obstacles due to the internationalization process. This process has more than one stage, and each stage might perform barriers. The early stages of barriers regard the informational barriers and the development of knowledge related to the new market, which is described as the liability of newness. Then, when the process is on point, barriers decrease thanks to the expertise acquired while internationalizing. For this reason, firms that are starting the process of internationalization encounter stronger barriers than companies that already established a strong export network. However, going on with the process, other barriers will show up, such as market-based barriers.

3.3.1 International Wine scenario

In Europe, the wine sector is considered mature due to the long viticulture tradition. Countries as France and Italy are the grater wine producers worldwide. However, recently, countries such as China entered this market mainly as importers.

It is interesting comparing intra and extra European trade of bottles to see how to fluctuate the value. Within the EU, the value in considerably lower than outside the member states (Figure 3.3.1 (1)) thanks to the regulations which facilitate trade among countries.

Figure 3.3.1 (1) Nominal value and volume by destination



Source: IKöhr, Camanzi, Malorgio. 2018

Exporting outside the EU provides higher unit values than exporting within the EU.

Exporting outside the EU is volume and value-driven, while for exports intra EU quality is higher demanding. This difference depends much on the regulations, which permit an

easy and cheaper export. EU countries are more focused on quality premium of wine over quantity due to the long tradition in the wine sector from the production to the consumption of all the European territory. Therefore, it is notwithstanding that the absolute difference in unit value has steadily decreased during the period from 2004 to 2015 (Figure 3.3.1 (1)).

3.3.2 Internationalization of Italian wine SMEs

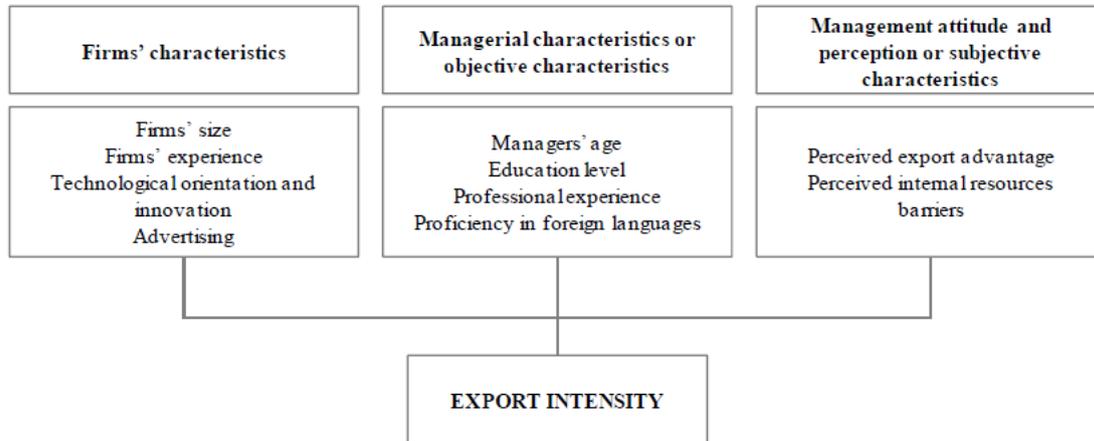
The Italian role in the wine sector is relevant either because a large amount of wine produced (Italy is for the fourth year the country which produces the largest quantity of wine worldwide) and the quality of the wine. Moreover, Italy covers a big part of the export globally. Wine is one of the products that represent better the Made in Italy food production. It is essential figuring out which are the countries that absorb the major part of Italian wine export. As seen in the first part of this chapter, the three main countries are the United States (23,4%), in pole position, then Germany (16,8%), and England (13,4%). Then, there are Austria, Russia, Switzerland, and the emerging countries such as China, which play an essential role.

Noteworthy is understating the internal factors that influence the export performance and the ability to enter a new market. The theory that is going to be used in this thesis to identify and explain the internal factors that influence business decisions is the RBV (resource-based view theory) because it allows having a general idea of a firm's internal factor, either physical and human resources. RBV theory is taken as explaining to the model because it gives a complete overview of the internal aspects.

RBV theory explains the international firm's behaviour since it considers human resources and physical materials as determinants in the competitive advantage of a firm. RBV theory assured that the capacity of a firm to have consistent positive export performance is given by the linkage between the endowment of human and physical resources. The ability to gain and sustain a competitive advantage depends on the resources a firm has access to, which is the core that makes the competitive advantage unique. These resources can be tangible and intangible. The RBV theory bases on assumptions: firms are profit-maximizing entities, managers are rational, resource heterogeneity, resource immobility. Then, literature divided into three groups the variables that enable influencing the performance: firm's characteristics, managerial or

objective characteristics, management attitude, and perception, or subjective characteristics.

Figure 3.3.2 (1) The adopted model



Source: Galati, Crescimanno, Rossi, Farruggia and Tinervia. 2014

- Firm's characteristics are a firm's structural factors:
 - Firm's size is considered the most critical factors when internationalizing since bigger firms have access to a larger amount of resources and may have a higher bargaining power thanks to their dimension;
 - The firm's experience stays for how old the company is and whether exported before or not. The more frequently export activities are, the more expertise the firm gains;
 - Technological orientation and innovation favour positively export since they assure fewer costs and newer and more efficient development processes;
 - Advertising is a long-term investment that gives returns in terms of visibility, images, brand name.
- Managerial characteristics stand mainly for human capital, which is crucial within a firm. The employees and their knowledge, know-how may influence the entrepreneurial decision.
 - Manager's age is important because younger managers tend to be riskier than older ones;
 - Education level can create more opportunities in terms of exploration of new context;

- Professional experience is more linked to performance. Managers who already had export experiences know better how to work efficiently; Indeed, younger have to pass through a process of trial, which is normal;
- Management attitude regards the perception of the benefits.

Foreign languages help in keeping in contact with foreigner markets.

A research conducted on RBV as a method to find internal factors influencing export performance involved 20 Italian wineries producing sparkling wine in 2013. Although the sample is not statistically relevant since 20 wineries represent just 7% of the total Italian wineries, the study highlighted the factor that contributed to the export performances. This study demonstrates that export intensity is positively correlated with the variables of the firm's characteristics. Moreover, there is a relevant correlation with the innovation degree. Indeed, the number of employees seems not to count. Innovation in either products and processes has a positive effect on export. The same can be said for advertising. Therefore, managerial characteristics influence export positively.

The results of this study show that the RBV theory is helpful when it occurs to analyse the internal factors that may influence the export performance.

3.4 Digitalization and Italian wineries

The digital era provided several challenges in the enterprise scene, especially SMEs, which are scarce of resources. The Internet is having a great impact on the way of doing business, and it is not always easy remaining on point. The Internet has great potential to help small and medium enterprises to become more competitive since it does not have borders. From the wine perspective, the Internet enables wine SMEs, which produces typical local products to go global. Generally, it is more difficult for agri-food companies becoming global due to their strict interconnection with the territory.

E-business is defined as “a superset of e-commerce and in turn, e-commerce as a superset of internet commerce or i-commerce” (Beynon-Davies. 2003). However, internet marketing is greater than e-commerce, which is just a part of a digital marketing strategy. One of the main points of a digital marketing strategy is gaining the trust of the consumer. In this era, consumer loyalty is the best goal a company can aspire to. However, there are other advantages linked to a successful digital strategy: first of all the access to the

international market since Internet has no barriers and potentially a firm may go globally via Internet; then the entrance into new markets without additional costs thanks to the Internet that breaks physical barriers; also business becomes more and more efficient because the Internet makes it easy, and then the costless share of information which became globally available. At the same time, from a marketing perspective, the Internet offers product information that anyone can access, a corporate image exposed to the world, and active interaction with consumers. The Internet has become a marketing interface for sharing information. A business should focus their strategy on this because it touches the consumers' needs. In an agri-food perspective, consumers and producers can be part of a community, a network, which is a key factor for the business. Through this contact with consumers, companies can build loyalty in a long-term perspective.

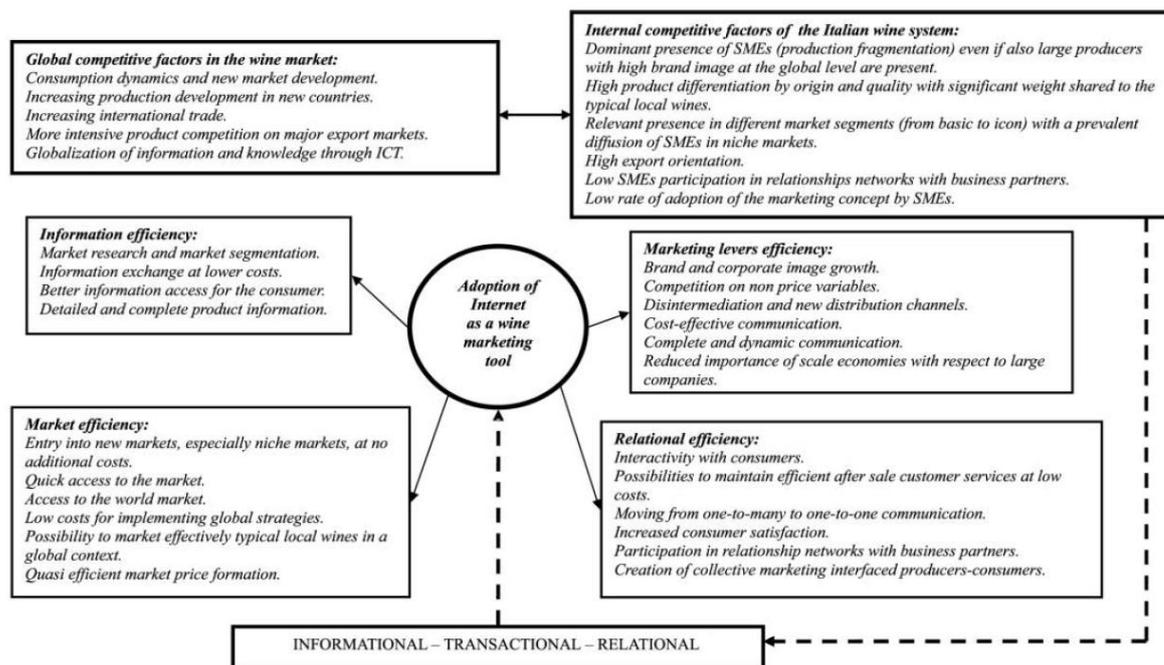
On the other hand, the lack of information and communication technology (ICT) and lack of skills to use it make it complicated for SMEs to become globally through the Internet.

3.4.1 Italian wineries

In the article “Wine and web marketing strategies. The case study of Italian specialty wineries” Begalli, Codurri, Gaeta, (2009) aim at studying ISWs (Italian specialty wineries) and their digitalization level, more precisely “the level of internet marketing adopted; the web marketing approaches implemented and the expected future developments for these wineries; and the strength and weakness factors of the strategic web marketing model in use.” Italian wineries are strongly oriented towards traditional wine and positioned in the premium segment, and the valorisation of Italian quality is a strategy to present the image abroad.

Figure 3.4.1 (1) represents the marketing system of the wine sector using the Internet. However, the wine sector is not an IT industry yet, and Italy is under the average of European countries.

Figure 3.4.1 (1) The internet wine system



Source: Begalli, Codurri, Gaeta. 2009

The analysis of the Italian wineries was done in phases: the first phase focuses on the study of the existing web sites in order to quantify the adoption of digital strategy and to evaluate the quality; then, a questionnaire has been given to the wineries which do not have a website in order to understand the perception of the Internet and the future development in terms of digital. In the first stage, the model 7Cs has been used to analyse the websites.

Figure 3.4.1 (2) Italian wineries sample

Regions	<i>n</i>	Wineries (%)	Per cent cum.
Toscana	63	23.2	23.2
Piemonte	52	19.1	42.3
Friuli Venezia Giulia	29	10.7	53.0
Trentino Alto Adige	20	7.4	60.3
Veneto	20	7.4	67.7
Sicilia	15	5.5	73.2
Others north	14	5.1	78.3
Others centre	33	12.1	90.5
Others south and islands	26	9.6	100.0
Total	272	100.0	

Source: Begalli, Codurri, Gaeta. 2009

Figure 3.4.1 (3) represents the analysis conducted to analyse the quality of the existing websites. Starting from the first C, it can be seen that graphically websites are good. The second choice represents the catalogue and the product presentation, which is well done with all the necessary information. About the context, just a few websites allow an immediate interaction. Websites are comfortable to surf. The fourth C, convenience, is not possible to evaluate because selling activities on the websites are limited. Then, customer service is linked to the sales which do not take place on the Internet. The last one, community, shows that there is a lack of community among websites and customers.

Figure 3.4.1 (3) 7Cs model evaluation

7Cs	Parameters	Evaluation criteria	%	Percent total
Content	Web site update	Not determined	87.9	100.0
		More than monthly	3.0	
	Graphic quality	From weekly to monthly	9.1	
		Only graphics	75.2	
		With animation	12.7	
	Counter presence	With sound or with animation and sound	12.1	
No presence		95.2		
Choice	Products presentation	Presence	4.8	100.0
		Absent	5.5	
		Only product list	4.2	
		Also product characteristics	87.9	
	Range of products	Products with a price list	2.4	100.0
		Not shown	6.1	
		Few	19.4	
	Presence of accessory products	Large	74.5	100.0
		No presence	70.9	
	Presence of agro-tourism activities	Presence	29.1	100.0
No presence		86.1		
Context	Web site typology	Presence	13.9	100.0
		Informational	47.9	
		Low interactivity	48.5	
	Transaction typology	High interactivity	3.6	100.0
		No transactions	61.2	
		B2C	27.9	
Comfort	Ranking	B2B	1.2	100.0
		B2C and B2B	9.7	
		After 30th site	5.5	
		21st-30th site	1.2	
	Number of languages	11th-20th site	3.6	100.0
		First ten sites	89.7	
		Only Italian	21.2	
	Navigability	Two languages	46.1	100.0
		More than two languages	32.7	
		Bad (more than five clicks)	10.9	
Site map presence	Quite good (four to five clicks)	60.0	100.0	
	Good (less than four clicks)	29.1		
	No presence	95.2		
Presence of an internal search engine	Presence	4.8	100.0	
	No presence	96.4		
Convenience	Direct sale availability	Presence	3.6	100.0
		No direct sales	64.2	
		Off-line	28.5	
	Delivery time (*)	Others	7.3	100.0
		Not specified	73.9	
	Delivery costs (*)	Three to seven days	26.1	100.0
Not specified		68.8		
Customer services	Delivery traceability	Specified	31.2	100.0
		No presence	99.4	
	Payment procedures (**)	Presence	0.6	100.0
		One choice	70.0	
	Delivery procedures (**)	Two choices	30.0	100.0
		No presence	60.0	
	Security of transactions (**)	Presence	40.0	100.0
		No presence	70.0	
Frequently asked questions (FAQ) (**)	Presence	30.0	100.0	
	No presence	100.0		
Community	Forum presence	Presence	0.0	100.0
		No presence	93.3	
	Visit book presence	Presence	6.7	100.0
		No presence	73.3	
	Link availability	Presence	26.7	100.0
		No presence	78.8	
	Free call telephone number availability	Presence	21.2	100.0
		No presence	99.4	
		Presence	0.6	100.0
		No presence	99.4	

Note: *per cent valuated on a sample of 19 companies; **per cent valuated on a sample of ten companies

Source: Begalli, Codurri, Gaeta. 2009

4. The research

4.1 Aim of the research

This research wants to study the adoption of digital tools by the winemaking firms of Friuli-Venezia Giulia to promote themselves abroad and how much they retain this strategy important. In this perspective, the research provides insight into the importance of doing marketing as a profitable means for businesses. It is not evident that marketing activities are a part of the management because they are something that do not give direct evidence of their results since they work on a long-term run. The marketing practice is more considered a strategy in the long term run that can bring benefits to those who invest in it. This is the reason why many firms do not pay much attention to marketing; indeed, they see it just like something not necessary. Generally, this happens in SMEs which do not have managerial skills. However, also in bigger companies, managers prefer sales-oriented objectives because they need a return on sales volume (Belch and Belch. 2017). Because of this, the marketing objective should be measurable; thus, managers can evaluate the investments and their effectiveness.

4.2 The area of interest: Friuli-Venezia Giulia

Friuli Venezia Giulia is a region of ancient winemaking traditions. It produces several wine varieties appreciated either in Italy and worldwide. This region is represented by 4 DOCG, 10 DOC, and 3 IGT. Furthermore, the area covers 3.1% of the national vineyard area, which amounts to 23.100 hectares: which 43% stays at mountains, 19% is on the hill and another 38% in the lowland. In 2017, the total Friuli Venezia Giulia wine production is about 1.639.058 hectolitres, which 1.209.336 is 43.1% is DOP, and 46.5% is IGP (Assovini).

Figure 4.2 (1) shows the Italian wine production for the denomination in 2016 and 2017. The production decreased in 2017, about -11.7%, passing from 1.856.412 to 1.639.058. Moreover, the wine produced labelled with a denomination is 73.8% of the total production in 2017. This means that the majority of the wine produced in 2017 is protected by a denomination (DOCG, DOC, IGT).

Figure 4.2 (1) Italian wine production for denomination (hectolitres)-2016 and 2017

Italian regions	2016		2017		Var. % 2017/2016
	TOTAL	DOP-IGP	TOTAL	DOP-IGP	
Piemonte	2.549.079	2.120.128	2.043.136	1.827.222	-19,8
Valle d'Aosta	20.700	16.600	9.750	8.250	-52,9
Lombardia	1.473.021	1.315.659	1.182.840	1.042.528	-19,7
Trentino-Alto Adige	1.213.028	1.203.955	1.018.205	1.007.155	-16,1
Bolzano-Bozen	355.510	350.410	269.526	264.581	-24,2
Trento	857.518	853.545	748.679	742.574	-12,7
Veneto	10.144.754	9.240.782	8.472.679	8.139.858	-16,5
FVG	1.856.412	1.367.002	1.639.058	1.209.336	-11,7
Liguria	69.402	40.049	75.708	46.263	9,1
Emilia-Romagna	7.164.589	4.794.518	5.457.014	3.675.179	-23,8
Toscana	3.025.044	2.749.493	1.901.435	1.708.478	-37,1
Umbria	741.000	647.000	609.366	549.974	-17,8
Marche	956.004	520.515	859.950	472.126	-10,0
Lazio	1.524.396	1.210.920	1.135.375	889.505	-25,5
Abruzzo	3.899.270	1.422.070	3.109.560	1.267.360	-20,3
Molise	249.540	62.040	338.690	60.590	35,7
Campania	1.285.597	363.333	1.293.136	338.745	0,6
Puglia	8.791.925	2.662.470	9.070.112	2.659.042	3,2
Basilicata	86.189	56.889	84.759	52.339	-1,7
Calabria	427.605	161.233	336.875	129.589	-21,2
Sicilia	5.334.176	4.234.631	4.725.250	3.770.517	-11,4
Sardegna	803.730	664.290	466.458	382.373	-42,0
ITALIA	51.615.461	34.853.577	43.829.356	29.236.429	-15,1

Source: Regione in Cifre. Friuli-Venezia Giulia. 2018

The total of the firms producing wine in this region is 6.644 (6° Censimento generale dell'agricoltura in Friuli-Venezia Giulia. 2013). The area dedicated to vineyards increased by 1000 acres since 2000, and at the same time, the number of companies

decreased considerably (about -46%). The region is characterized by a high concentration of winemaking companies in particular in the area that surrounds the city of Gorizia.

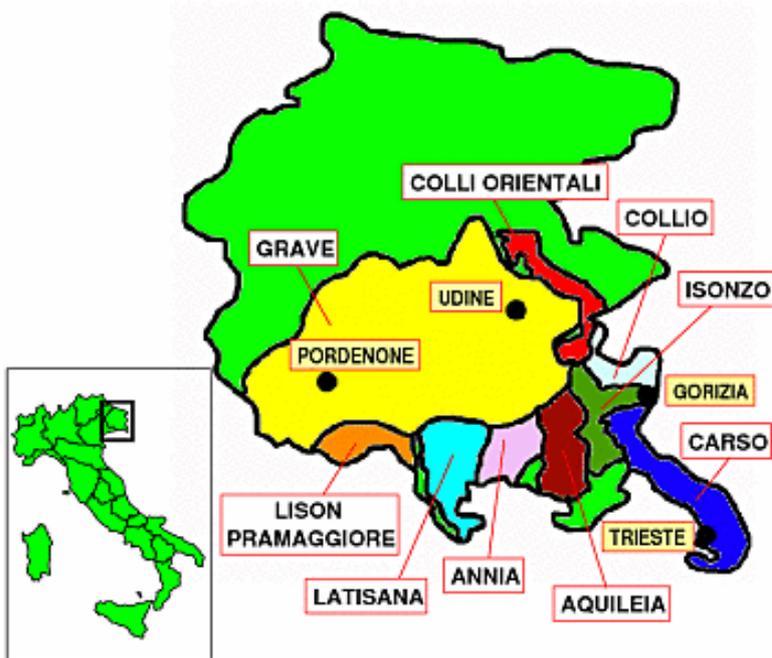
Figure 4.2 (2) Friuli-Venezia Giulia vineyards surface (hectares) per province. 2010

	Grape for the production of grape for DOC and/or DOCG wines	Grape for the production of grape for other wines	Table grape
FVG	15.177	4.073	82
Udine	5.462	1.824	56
Gorizia	3.323	741	3
Trieste	50	155	0
Pordenone	6.342	1.353	23
Nord Est	116.250	52.099	380
Italia	320.859	304.841	37.305

Source: 6° Censimento generale dell'agricoltura in Friuli-Venezia Giulia. 2013

In the region, there are currently ten recognized DOC. In the province of Udine, there are the DOC: Colli Orientali del Friuli, Friuli Annia, Friuli Aquileia, and Friuli Latisana. The DOC Friuli Grave covers the area between the provinces of Udine and Pordenone. Then the DOC Lison Pramaggiore covers the area Venice, Treviso, and part of the Pordenone province. In the province of Gorizia, there are the DOC Collio Goriziano and Friuli Isonzo. While in the province of Trieste, there is only one DOC, Carso. Then in this region, there are three Typical Geographical Indications (IGT) called Alto Livenza IGT, Trevenezie IGT, and Venezia Giulia IGT. To conclude with the denomination, there are four DOCG, which is an Italian label guaranteeing the geographic origin of the wine: Colli Orientali del Friuli Picolit, Lison, Ramandolo, and Rosazzo.

Figure 4.2 (3) Friuli-Venezia Giulia DOC area



Source: www.diwinetaste.com

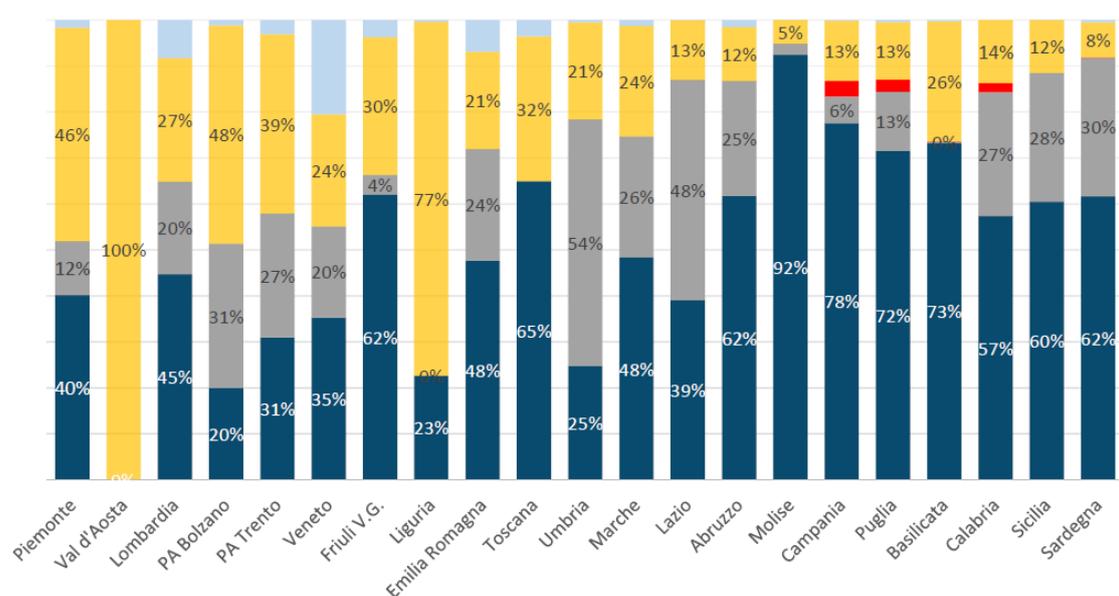
The Italian economic structure is mainly composed of SMEs. The majority of the winemaking firms are SMEs and family-owned. This type of industrial organization, a “family business” organization, is typically Italian and has both positive and negative aspects in the management (De Falco. 2016). On the one hand, a family pays much more attention to its own business, and this attention is doubled if all the employees of the winemaking firm are part of the family. Then, the decision process tends to be flexible because the founder, the CEO, and the executive person are the same ones. Thus, the decision-making process does not have to face many opinions, but it is quite fast and easy.

On the other hand, the overlap of more internal figures in only one might create organizational rigidity. Then, another negative aspect, that characterizes SMEs, is the limit of financial resources. The lack of capital means the poor accessibility to money. The size of the firms mainly gives this weakness. The forced constraint of liquid money prevents significant direct investments. Moreover, there might be a lack of managerial skills that influence the success of the firm negatively. Generally, family-owned firms are less risky than other firms due to financial constraints and lack of skilled human resources.

4.2.1 The Friuli-Venezia Giulia within Italian wine system

The Friuli-Venezia Giulia has a long tradition in producing wine, and it is one of the Italian regions with the highest number of denominations. The PRS (Programma di Sviluppo Rurale 2014-2020 del Friuli-Venezia Giulia), which is a program approved by the European Commission, aims at enhancing the competitiveness of the agricultural products and protect and value the ecosystem. The goals of the EU in terms of agriculture are incrementing the competitiveness with competitive products, protecting the environment from climate changes, and regional development. These goals should be reached implementing into the business process technological innovation and process innovation. Then, promoting and protecting the environment are other traversal purposes that are going together with the focus on climate change in order to stop the breakdown and establishing better infrastructures. The PSR comes directly from the European Commission strategy for Europe 2020 and has six priorities: encouraging know-how and innovation in the agricultural sector; strengthening the return of agricultural holdings and promote the sustainability; enlightening a better wellness along all the food supply chain; preserving ecosystems; encouraging the passage towards a clean economy; developing rural areas. The figure below shows the spending average of each Italian region. The Friuli-Venezia Giulia uses 62% of its capital to renovate and restructure its business.

Figure 4.2.1 (1) The total spending of winemaking firms



Blue: renovation / Grey: investments / Yellow: promotion third countries / Red: green harvest / Light blue: insurances

Source: Scheda di settore. Vino. ISMEA. 2019

The agricultural production of this region covers a high number of products. However, as the figure below shows, wine is the product with the highest output in the Friuli-Venezia Giulia agricultural production. The values are based on the basic price⁴, which is measured after-tax and including subsidies.

Figure 4.2.1 (2) Main agricultural products Friuli-Venezia Giulia production at basic price-from 2015 to 2017

Products	2015	2016	2017
Common wheat	9.901	10.204	10.481
Durum wheat	238	621	572
Barley	1.298	5.796	4.801
Corn	102.854	114.846	112.048
Pulses	161	1.812	1.797
Potatoes	6.045	4.600	4.624
Fresh beans	602	1.257	1.606
Onion and leek	173	139	131
Cabbage	1.118	551	608
Cauliflower	578	172	201
Lettuce	384	133	173
Radicchio	299	157	234
Eggplants	153	349	367
Peppers	169	400	391
Tomatoes	1.278	407	477
Zucchini	1.138	633	504
Sugar beet	777	709	792
Sunflower	953	5.882	5.611
Soy	83.493	72.896	79.395
Flowers and pot plants	11.744	11.487	11.833
Fodder crops	13.068	18.262	20.617
Sold wine grape	17.510	41.126	41.765
Wine	182.410	173.922	166.790
Oil	1.037	964	1.177
Peaches	1.265	1.500	1.294

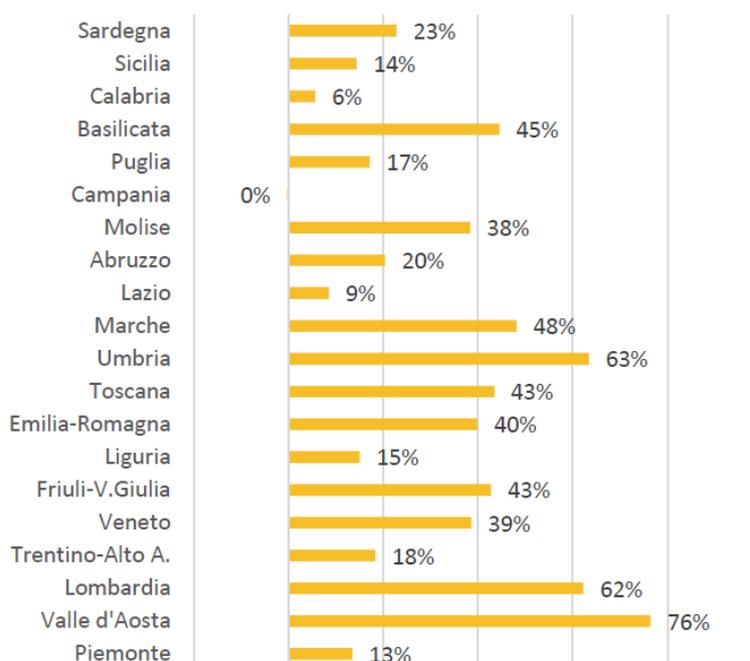
⁴ Basic price: “The basic price is the amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any tax payable, plus any subsidy receivable, by the producer as a consequence of its production or sale. It excludes any transport charges invoiced separately by the producer.” https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Basic_price it is measured after-tax and including subsidies.

Apples	6.798	13.767	13.676
Pear	3.462	2.369	2.260
Kiwifruit	9.712	8.026	9.575
Beef and veal	47.992	47.153	48.552
Pig meat	79.238	80.127	92.343
Sheep and goat meat	278	271	270
Poultry	58.172	53.671	57.746
Cow and buffalo milk	130.308	122.490	133.460
Sheep and goat milk	230	288	165
Eggs	15.519	13.581	15.771
Honey	1.661	1.796	1.377

Source: Regione in Cifre. Friuli-Venezia Giulia. 2018

The next figure represents the increase in wine production in percentage among Italian regions between 2017 and 2018. The Friuli-Venezia Giulia increased its production by about 43%. However, Valle d'Aosta is the region with the highest increment.

Figure 4.2.1 (3) Regional performances: 2018 vs 2017 (var%)



Source: Scheda di settore. Vino. ISMEA. 2019

Therefore, the region Veneto stays at the first place in terms of annual production with 13 million wine hectolitres produced in 2018. In 2018, the total production increased by

about 29% and reach 55 million hectolitres of wine (Source: Scheda di settore. Vino. ISMEA. 2019).

4.2.2 Wine export: Friuli-Venezia Giulia

Italy plays a crucial role in the international wine scenario. Nowadays, exporting became necessary, and the wine represents the first agricultural product of Italian food production. However, the export performance of Italian wine needs to be highlighted with a marketing strategy fundamental to be known and to acquire a position in foreign consumers' minds. Starting from the idea that consumers are heterogeneous and can recognize the quality of the product, wineries should think of a great communication campaign in the long-term run.

In 2018, the export increased by 3.5% compared to the previous year, with a total of 6.2 billion euro. The volume is about 19.9 million hectolitres exported in 2018. Unites States, Germany, and England are the three leading importers.

To better analyse the Italian wine export, figure 4.2.2 (1) gives an overview of the amount (in euro) of wine exported per region. The Veneto takes the first place in each year from 2013 to 2018. The value increases each year of a bit for each region, and the ranking never changed. Piemonte and Toscana follow Veneto. Going more in-depth with the analysis of Friuli Venezia Giulia, it takes the tenth position with 117.735 million euros of wine exported in 2018. The Friuli-Venezia Giulia export in euro increased by about 15,5% in five years, with a total amount of 42.000 million more in 2018 than in 2013.

Figure 4.2.2 (1) Italian wine export per region

Italian regions	2013	2014	2015	2016	2017	2018
	[.000 €]	[.000 €]	[.000 €]	[.000 €]	[.000 €]	[.000 €]
Veneto	1.588.424	1.670.416	1.835.368	2.000.663	2.128.762	2.219.870
Piemonte	969.344	984.830	964.708	922.943	987.335	1.022.285
Toscana	748.109	761.517	902.776	916.762	936.840	978.196
Trentino-Alto Adige	476.746	491.671	500.500	511.374	531.839	532.399
Emilia-Romagna	387.806	309.792	275.340	288.566	321.152	321.948
Lombardia	270.179	267.879	255.262	258.476	270.361	270.802
Abruzzo	120.913	130.888	140.289	149.782	170.201	181.619
Puglia	95.457	95.370	101.430	122.302	148.974	159.022
Sicilia	98.805	98.233	101.517	115.341	127.293	138.348
Friuli-Venezia Giulia	76.188	91.526	100.826	110.211	112.962	117.735
Lazio	47.587	48.148	49.077	53.969	62.417	65.720
Marche	50.917	51.159	47.387	49.211	52.045	56.987
Campania	36.456	39.975	42.849	41.302	47.815	47.721
Umbria	27.245	28.486	29.952	33.268	34.069	34.362
Sardegna	23.356	23.602	22.507	23.823	23.431	21.801
Liguria	9.272	9.325	10.239	12.909	20.954	23.828
Calabria	5.244	3.492	4.730	4.575	4.814	4.869
Molise	4.871	4.710	2.835	3.023	3.253	2.302
Basilicata	2.362	2.037	2.585	2.439	2.334	2.112
Valle d'Aosta	1.818	1.419	1.178	1.327	1.376	1.540
	686	698	831	860	1.628	1.095
Total	5.041.785	5.115.173	5.392.186	5.623.126	5.989.855	6.204.561

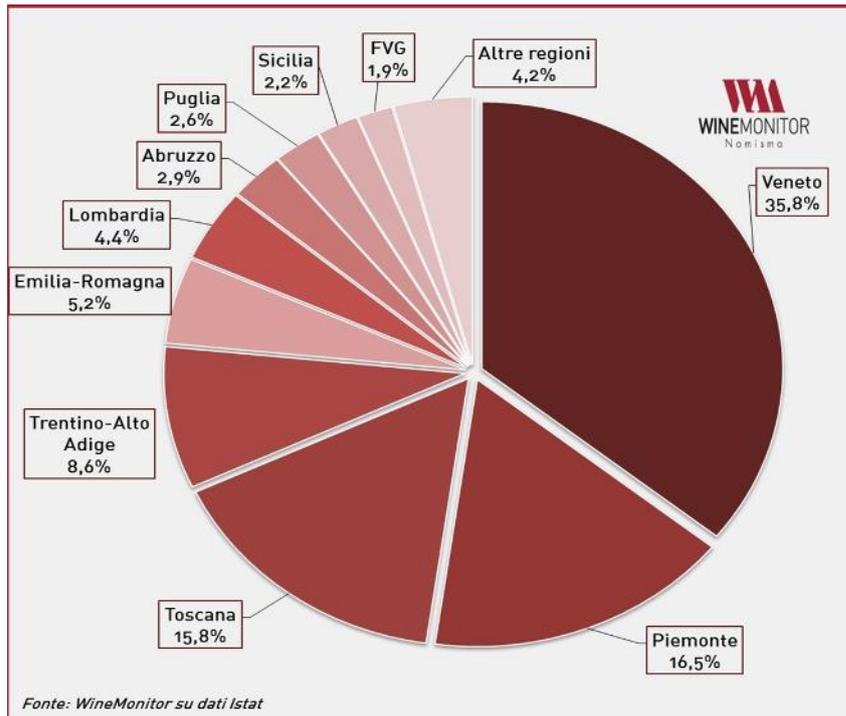
Source: www.winemonitor.it

The Osservatorio di Città del Vino, with the University of Salerno, estimate 14 million wine tourists each year with turnover about 2.5 billion euros, considering the entire wine industry (Osservatorio agroalimentare). “Wine tourism phenomenon” (Vrontis and Viassone. 2013) has a positive effect on producers of the same region. It increases the competition of regional producers. This means that wine tourism plays an essential role in the consequent wine purchase process of the consumer. People visiting a region taste its flavours of food and wine, and then they bring back home this expertise, which may conclude in the purchase of wine. In the past years, wine tourism has become more and more popular, changing the idea of wineries. Tourists became the focus of the business strategy, and because of this in 1993 stated the first edition of the event “Cantine Aperte” (Open Cellars), which takes place still today (Colombini. 2015). The number of wineries that participated in this movement increased each year, and now almost all open their doors to tourists who are about 6 million. It has been identified by different groups of

tourists: “wine tourists by chance, classic wine tourists, talent scouts, and lovers of luxury.”

To conclude this analysis on the export of Friuli-Venezia Giulia, it is interesting looking at the incidence that this region has on the total Italian wine export. This region exports just 1.9% of the total wine exported.

Figure 4.2.2 (2) Incidence of each region on Italian wine export



Source: www.winemonitor.it

Friuli-Venezia Giulia occupies a strategic position crucial for commercial exchanges. Foreign demand represents a strength for this region.

4.2.3 Consortia for the protection of the wines

The particular Italian industrial organization made by micro, small, and medium enterprises with a limited money flow due to size constraint let organizations, called consortia, to emerge. The consortia's main goal is protecting the wines and giving help to the winemaking firms that may not have fierce enough to protect themselves. Moreover, they have to promote and highlight the territory nationally and abroad. Furthermore, the consortia have duties in front of the consumers: they have to inform them and protect them by false labels. In Italy, consortia are approved by the minister if they satisfy some

prerequisites; after that, they work to control and protect all the environment (firms, consumers, imitators, land) that surrounds the system of denomination DOP and IGP. In Friuli-Venezia Giulia nine consortia exist: Consorzio Tutela Vini Colli Orientali del Friuli e Ramandolo, Consorzio Tutela Vini DOC Friuli Grave, Consorzio Tutela Vini DOC Friuli Isonzo, Consorzio Tutela Vini DOC Friuli Latisana, Consorzio Tutela del Ramandolo, Consorzio per la Tutela dei Vini DOC Friuli Annia, Consorzio per la tutela dei vini Collio e Carso sezione territoriale Carso, Consorzio per la tutela dei vini Collio e Carso, Consorzio per la tutela dei vini DOC Friuli Aquileia, Federdoc – Federazione dei consorzi di tutela del Friuli-Venezia Giulia.

The consortia aim to regulate, protect, promote, support, help the regional winemaking tradition within Italy and towards foreign countries. The consortia promote the region and its values striking deals with public or private organizations, participating in workshops, conferences, exhibitions, collaborating with entities for public or private events about educational eating, training courses, managing structure where to sell denominated products, promoting wine tourism. From this perspective, it seems that marketing activities are well established in order to enhance the region. However, often, marketing is not seen as an essential investment in the long-term run, and the financial constraints limit this kind of investment. Digital marketing is even less considered; in fact, many firms do not implement any digital strategy at all. Consortia help firms in making marketing activities, mostly offline. However, what can be done by consortia is more related to the territory in general.

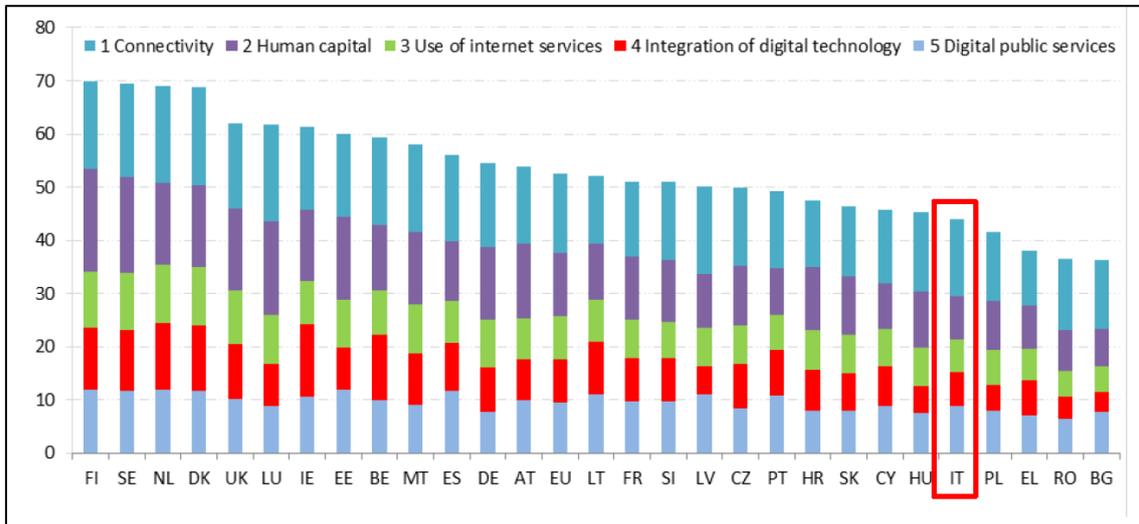
4.3 The research

One of the most significant developments in the modern world that affects businesses is globalization. It made the world borderless and created new opportunities for companies. Thus, companies look at international markets for many reasons: more expansion opportunities, a saturation of the domestic market, slow population growth, unfavourable marketing environment, higher profits, survival. SMEs can benefit from globalization too. However, their business size may influence their way of doing business either in terms of

managerial skill and financial constraints. Moreover, Italian SMEs are family-owned, and this turns to be even more complicated when internationalize.

Italy has a low digital adoption degree.

Figure 4.3 (1) Digital Economy and Society Index (DESI) 2019 ranking



Source: Digital Economy and Society Index (DESI) Country report. Italy. 2019

Italy occupies the 24th place of the EU Member for digital adoption even though it operates relatively well. Although its level is below average, Italy's business trade goes well.

Figure 4.3 (2) Integration of digital technology

	DESI 2017	Italy	DESI 2019	EU
	value	DESI 2018	value rank	DESI 2019
		value		value
4a1 Electronic information sharing	36%	37%	37% 13	34%
% enterprises	2015	2017	2017	2017
4a2 Social media	16%	17%	17% 16	21%
% enterprises	2016	2017	2017	2017
4a3 Big data	9%	9%	7% 24	12%
% enterprises	2016	2016	2018	2018
4a4 Cloud	12%	NA	15% 18	18%
% enterprises	2016	2017	2018	2018
4b1 SMEs selling online	7%	8%	10% 26	17%
% SMEs	2016	2017	2018	2018
4b2 e-Commerce turnover	6%	6%	8% 19	10%
% SME turnover	2016	2017	2018	2018
4b3 Selling online cross-border	5%	6%	6% 22	8%
% SMEs	2015	2017	2017	2017

Source: Digital Economy and Society Index (DESI) Country report. Italy. 2019

Regarding the integration of digital technology, Italy is below the EU level. Cloud and e-Commerce have seen progress compared to the previous year. Notable the increase in the use of Cloud, almost absent in 2018. However, the other parameters remain unchanged, and the percentage of adoption remains stable. Italian enterprises do not take into account online selling, which has the worst integration level among the others, and it is well below the EU level. Notwithstanding, in Italy, over 37% of firms share electronic information, and 17% use social media actively. These last two are the best integrated into the business, but they are below the EU level.

4.3.1 The research method

The study focuses on winemaking firms of Friuli Venezia Giulia which are micro, small, and medium enterprises as the majority of Italian enterprises. The study aims to measure the adoption of digital tools by winemaking firms. As said before, Italy is below the EU average, and selling online is still not considered necessary since the majority does not adopt it. In the wine sector, online selling might appear even more difficult because wine is a product that needs to be tasted. However, on the Internet, this is not possible. Moreover, companies do not believe in social selling.

The study is conducted just on a portion of the total winemaking firms because the survey has been delivered and conveyed by a consortium, Consorzio Doc FVG which is composed by Consorzio di Tutela Vini Friuli Annia, Friuli Aquileia, Friuli Colli Orientali e Ramandolo, Friuli Grave, Friuli Isonzo e Friuli Latisana. The consortium protects 543 wineries, which are just part of the total Friuli-Venezia Giulia winemaking firms. The decision to work with the consortium has been taken in order to have a stronger impact on the wineries.

The expectations of receiving a response rate were not high because of the period, and because many firms are so little, that does not pay attention to these studies due to lack of human resources and lack of time. Moreover, the probability that micro-enterprises fulfil the survey was weak.

The method used to collect data is the questionnaire. It is a powerful research instrument that consists of questions, closed and open questions, to collect information from the respondents (Johnson and Turner. 2003). Gathering data is the primary goal of a questionnaire. Questionnaires can be done face to face, by phone, online, and are cheap.

They do not have any cost. The questionnaire used for this research is an online questionnaire. This method is fast and enables a quick and immediate answer. The questionnaire can store a large amount of information and obtain a satisfying overview of the sample studied. However, the survey has also some limitations linked to the human part of each person. Social desirability may affect the way respondents reply. It tends to influence people who want to give a better image of themselves. Another limitation is that they may lack details. The questionnaire generally does not provide space to very open questions. Thus, some features may remain hidden.

In this survey, there are both open and closed questions. However, the open questions do not give the possibility to express feelings or to add information that the respondents may find interesting. The majority of the questions are closed.

4.3.2 The survey

The questionnaire is focused on the marketing activities, especially the digital ones, that wineries implement in their marketing plan. It starts with a general overview of the firm to go more in-depth afterward. This survey is divided into twelve parts, each with a purpose:

- Introduction: it is needed to explain the intentions of the questionnaire and to specify that the data are going to be analysed anonymously, which is essential for firms that do not want their business strategy to be shared;
- General information: this part is used to identify the firm geographically, its size, how much wine it produces and other information on the organizational structure of the firm;
- Human capital: this part analyses the skills of the employees and the CEO, the level of education and also the gender and more importantly, it asks whether a marketing person is employed;
- The strategic focus of the firm: the questions here are done to measure the areas the firm invested on mostly and a forecast of the investment but also the objective of the firm;
- Marketing activities: this part focuses on the marketing activities used by the firm and if they are done internally or if they are committed to an external agency. This

part analyses the importance of the Made in Italy and Made in Friuli as an essential variable in the marketing strategy;

- Offline marketing channels: which are the offline activities used by the firm;
- Digital marketing channels: how much is necessarily focusing on a digital strategy and the reason why it is adopted;
- Facebook;
- Instagram;
- Twitter;
- LinkedIn;
- Website: this part analyses the adoption degree of a website;
- E-Commerce;
- Internationalization: the strategy they are using towards foreign countries.

The questionnaire focuses its attention on several attitudes of the firm that show the level of digital integration and the importance they attribute to the marketing activities in general.

The questionnaire is composed of 99 questions, but the analysis concentrates more on specific questions concerning the adoption of digital tools, the level of integration, and the inclination to internationalize using those tools.

4.3.3 Results

In a month and two reminders after, the survey has been completed by 39 wineries. The result and the discussion cannot be considered satisfying due to the little feedback received; thus, the results are not statistically relevant.

However, some considerations can be made. Firstly, the respondents have an organizational structure that enables the answer. The questionnaire has been delivered by email. This means that who replied to check the mail frequently and can dedicate time to this activity. Then, after some calls, some considerations needed deep attention. It happens that people say that they cannot reply because it is a harvest period. This means that who is harvesting is also the person responsible for checking the questionnaire or more in general responsible for marketing activities. It is the case of micro and small enterprises that do not have enough human resources to spread the commitments among

the employees. Then, someone answered the phone call that he or she is not authorized to respond to the questionnaire. In this case, the marketing head may be the person that manages the entire business and has all the power in his hand. As previously said, this may limit the growth of a company. To answer this case is possible, another option that is the same as the first example. The person who is going to answer was committed to the harvest and did not have time for other duties. Indeed, when people replying positively to the phone calls resulted in an immediate, or almost, answer to the questionnaire. Thus, who was harvesting, was not responsible for that duty, too, but the duties are shared among employees. This proves a better and probably bigger organizational structure.

The analysis of the response mate is going to be done by topic: the sample, the strategy, the website, the marketing communication, and the export in order to analyse each argument separately.

- Sample

The questionnaire's first part aims to identify the respondents in terms of turnover and size. This allows studying the sample and giving an overview of the regional producers. The majority produce 375-750 and >375 hectolitres per year. This result says that the majority of the respondent do not produce a large quantity of wine and two are the reasons possible: the firm is small and does not have the resources to produce a higher volume, or the firm provides a little quantity with a very high quality that needs higher investment.

Figure 4.3.3 (1) Results-total bottles produced by the sample	
375-750 hl (50.000-100.000 bottles ca.)	11
< 375 hl (50.000 bottles ca.)	11
750-1.500 hl (100.000-200.000 bottles ca.)	6
1.500- 3.750 hl (200.000-500.000 bottles ca.)	4
> 7.500 hl (1.000.000 bottles ca.)	4
3.750- 7.500 hl (500.000-1.000.000 bottles ca.)	3

Then, there are just four winemaking firms which produce the highest amount, <7.500 hectolitres, which corresponds to one million bottles circa.

Regarding the turnover, just one firm overcomes ten million turnover, which is high compared to the rest of the sample. The majority, 26 firms, have a turnover between 100.00 and 700.000.

Figure 4.3.3 (2) Results-firms turnover	
300.000-700.000 Euro	13
100.000-300.000 Euro	13
1.500.000-5.000.000 Euro	6
700.000-1.500.000 Euro	4
5.000.000-10.000.000 Euro	2
>10.000.000 Euro	1

It is interesting analysing the organizational structure in order to understand which kind of wineries are responding. The organizational structure is crucial when it happens to make a decision. Thirteen firms out of 39 winemaking firms have an organizational structure where the CEO is also the owner, but the employees are not part of the family. However, either a big part of firms says that the owner is the CEO, and the employees are mainly family members.

Figure 4.3.3 (3) Type of organizational structure	
The CEO is the owner, employees out of family	13
The CEO is the owner, mainly family business	12
Professional agricultural entrepreneur	12
Other	2

Notwithstanding, the educational level influence the decisions; thus, the questionnaire deepens also this aspect both of the owner and the marketing manager. It is positive that the majority overcomes high school. However, they are still six people who just came out of middle school.

Figure 4.3.3 (4) Results-Owner education level	
High school	15
Master's degree	12
Middle school	6
Bachelor's degree	4

Regarding the marketing manager, the majority achieved a master's degree. However, the number of bachelor's degrees is lower than the one in high school.

Figure 4.3.3 (5) Results-Marketing manager education level	
Master's degree	12
High school	10
Middle school	6
Bachelor's degree	1

The analysis proceeds with the examination of some questions linked with the theoretical part of this thesis. The aim is to corroborate the insight previously discussed in the chapters or find new and exciting findings. The analysis is done question by question in order to provide the topics and to study them one by one separately. In the discussion and implications part, all the elements will be discussed together.

- Strategy

The strategy a firm implement is based on the objectives that it wants to achieve, which depend on the resources it has, either human financial. The question Q29 identifies the leading goals firms run after.

Figure 4.3.3 (6) Results-total answers for each objective	
Increase the revenue	29
Grow in international markets	23
Increase the market share	15
Enhance the brand image	11
Position in new distribution channel	8
Differentiate from competitors	5
Automate business processes	4
Improve the consumer service	5
Educate the consumer to a wine culture	2
Other	1
Extend the offer with new products	1
Cooperate with public entities	0

The majority of the respondents want to increase revenue since it assures them to succeed and invest in later projects. Therefore, expansion towards international markets and expand the market share are goal firms are running after. Notable is also an interest in enhancing the brand image.

Moving to the marketing topic, it has been asked in Q77 if it is used a different marketing strategy for foreign countries.

Figure 4.3.3 (7) Results-total answers for each objective	
No	27
Yes	1

The total of the answer is 28 and not 39 because, in the questionnaire, there are blocks that appear or not on the base of the previous responses. It is not surprising that almost all the answers are No in spite of one. This is significant since the answer is uniform, and just one out of 27 goes in another direction.

Then, the analysis focuses on the importance of the geographical position of winemaking firms. Both “Made in Friuli” and “Made in Italy” are specification of the territorial location, however, “Made in Italy” seems to be perceived as stronger and more critical than “Made in Friuli.” In both cases, the country of origin and the consequent effects seem to be quite relevant for the majority of the respondents.

Figure 4.3.3 (8) Weighted average	
Weighted average of Made in Italy	Weighted average of Made in Friuli
4,34	3,43

- Website

Starting with the analysis of the website, the question Q79 asks which are the tasks of the websites, so which goals a website should achieve.

Figure 4.3.3 (9) Results-total answers for each task	
Describe the firm	27
Describe the product	24
Storytelling	18
Introduce the catalogue	14

Promote the territory	13
Enable online orders	3
Customer service before and after the purchase	1
Enable online payments	1
User area for agents and press	1
User area for suppliers	0

The respondents agree that it is needed to describe the firm, to describe the product, to do storytelling, to present the catalogue, and to promote the territory. No one provides an area for suppliers, and one offers an area for agents and press, allows online payments, and provide consumer service before and after the purchase process.

The type of information shared on the website is crucial, and Friuli-Venezia Giulia wineries focus many contents about the family and the family business.

Figure 4.3.3 (10) Results-total answer for each information	
Family and firm	16
Territory	15
Product attributes	14
Events and tours	13
Relationships with customers	8
Launch of a new product	8
Promotions and sales	5

Therefore, they retain important also promoting the territory and the attributes of the product much more than building a relationship with the clients through the website.

Websites may have a section dedicated to e-commerce, but as saw previously, Italy is not advanced in selling online, and this also results from this questionnaire.

Figure 4.3.3 (11) Results-total answers	
No, but it will be possible in the future	15
No, but the product is available on online platforms (Vino 75, eBay, Amazon)	10
Yes, it is managed by the firm itself	3
Yes, but is available on other websites	1

Yes, but is managed others (label)	0
------------------------------------	---

Only four respondents say that they have an online shop accessible to consumers directly from Computers and smartphones. Indeed, the majority does not still have one, even though ten wine of the wineries is available on other digital platforms not directly managed and 13 wineries are thinking to open e-commerce in the future.

- Marketing communication

Analysing the offline marketing activities, the respondents have been asked which the main offline tools are used to promote the firm. Depliant/brochures and exhibitions are considered the best offline marketing activities. However, the press plays an essential role in the strategy, too, for ten winemaking firms.

Figure 4.3.3 (12) Results-total answer for each channel	
Depliant / Brochures	33
Exhibitions	31
Press	10
TV	2
Radio	2
Posters	2
Other	2
None	1

The purpose of this thesis is to analyse the online adoption. The questionnaire is mainly focused on online marketing and analyses deeply the social media like Facebook, Instagram, LinkedIn, and Twitter. However, the analysis here is more about understanding the behaviours towards international markets and if wineries retain the digital helpful to expand.

Nine wineries say that they use a different digital strategy than the one used for the domestic market.

Figure 4.3.3 (13) Results-total answers	
No	20

Yes	9
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The majority still do not implement a different strategy, but this data is more favorable than the previous one about marketing in general. Wineries perceive useful and perhaps easier, planning a different strategy for foreign markets.

A firm can decide if internalize the marketing activities, which means that the firms itself work on its marketing activities, or it may choose to do outsourcing. Outsourcing occurs when a firm empowers an external agency to handle its marketing process.

The majority of the responses show that firms prefer to internalize marketing activities such as managing social media and doing communication rather than externalize them.

Figure 4.3.3 (14) Marketing activities done internally	
Social media	26
Communication	24
E-commerce	5
Others	5

Figure 4.3.3 (15) Marketing activities done externally	
Communication	10
Social media	9
Others	4
E-commerce	3

Social media are the most used digital tools for marketing activities. Facebook is the social media used by the. However, also, Instagram seems to occupy an essential position in the marketing strategy. Noteworthy is the high number of “Other,” 5. This means that five wineries use other kinds of social media in their marketing strategy. Four out of five answered that they do not use any social channel.

Figure 4.3.3 (16) Results-total answers for each channel	
Facebook	16
Instagram	7
Other	6

Twitter	0
Weibo / We Chat	0

Since Facebook and Instagram are the preferred social media, it is interesting to understand why firms like them. Regarding Facebook, people say that Facebook mainly is needed to share information about events, exhibitions where consumers can find the winery. Moreover, Facebook is used to enhance firm recognition, thus provide a clear explanation of the firm. Then, increasing the relationships with the consumers and communicate with them are the other two reasons to adopt Facebook.

Figure 4.3.3 (17) Reason why use Facebook	
Provide information about events	22
Enhance the firm recognition	20
Increase the relationships with the audience	16
Communication with consumers	10
Provide information about tasting	7
Acquire new clients	5
Increase the firm's credibility	5
Increase the business	4
Provide a consumer service	3
Offer job opportunities	1
Communicate with other wineries	1
Other	0

Instagram is less used and mainly for increasing relationships with consumers. However, the reasons why adopting it and the distribution of the preferences are similar to Facebook, even though Instagram seems to have a task focused more on communication with consumers, while Facebook is mainly used to share information and describe the firm.

Figure 4.3.3 (18) Reason why use Instagram	
Increase the relationships with the audience	14
Enhance the firm recognition	13
Communication with consumers	12
Provide information about events	9

Increase the firm's credibility	6
Provide information about tasting	5
Acquire new clients	5
Provide a consumer servise	4
Increase the business	2
Offer job oppportunities	1
Communicate with other wineries	1
Other	0

Furthermore, firms say that they chose to use social media communication tools because it helps efficiently and easily in the diffusion of the contents. Moreover, social media are a fast communication method that enables quick information to remain updated.

Figure 4.3.3 (19) Why use social media	
Diffusion	27
Easy to use	24
Stay on point	17
Adoption cost	13
Be competitive	9
Agencies/managers influence	5
Other	1

Interesting in also measuring how much they think digital is useful to internationalize.

Figure 4.3.3 (20) Results-total answers	
Yes	19
No	10

Notable is that the majority see the digital strategy helpful for the internationalization process. However, ten wineries, which is a large number, have a different opinion.

Focusing on wine, all the winemaking firms count the digital strategy useful to communicate efficiently. It has been asked how much the firm values the digital marketing tools for wine communication on a scale of importance from 1 to 5.

Figure 4.3.3 (21) Results-total answers	
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4	12
3	10
5	11
2	1
1	0

- Export

Export is the other main topic of this thesis. Italy is the greatest wine producer worldwide, and a large amount of wine is exported abroad. In the third chapter, it has been studied the export flow of wine. The US is the main importer, followed by Germany and England. From the questionnaire, it results that European countries are the main importers of Friuli-Venezia Giulia wine. Then, the U.S. is immediately after with 22 wineries that said that they are exporting overseas.

Figure 4.3.3 (22) Results-total answers for each country	
Europe	28
USA	22
China	9
Canada	9
Russia	7
Other	7
Australia / New Zeland	4
Africa	1

This questionnaire seems to agree with the previous studies. The US and Europe are the biggest markets where Friuli-Venezia Giulia wineries export.

Therefore, it is interesting to study, which is the main channel used by companies to sell wine.

Figure 4.3.3 (23) Results-total answers for each channel	
Direct selling by the firm	38
Hotellerie – Restaurant – Café (Ho-Re-Ca)	34
Wine shops	33
E-commerce	12

Large-scale distribution	10
Other	5
Cooperative wineries	1

Wine shops, hotels, restaurants are the most used distribution channels.

4.3.3.1 Discussion and implications

The answers given by respondents are consistent with the theories discussed in the previous chapters.

Sample

The wineries that answer to the survey were 39. The majority produce 375-750 and >375 hectolitres per year and have a turnover between 100.000 and 700.000. The Italian industrial organization is mainly composed of SMEs, which are generally family-owned. The strength of this organizational structure is the strong network among the firms. They are micro small and medium enterprises that need each other to survive and compete. The questionnaire confirmed the theoretical parts of the family business. A large number of respondents are family businesses that employ almost only family members. However, it is notable that 13 out of 39 winemaking firms have a predominance of non-family employees.

Therefore, what matters into the business is also the educational level of the people working for a firm. In this case, the figure analysed were the owner and the marketing manager that often are the same person, especially in small firms — both evidence the low educational level. The number of master's degree of marketing managers is higher than the owners', which is positive since it means that who manages the marketing practices have had a higher education level, however, would be interesting know if the studies were about economic and especially marketing fields.

Strategy

The main goal of a firm is increasing its turnover. However, in this era, the digital one, which transforms the world into a borderless world, firms feel the need to expand their business abroad to find new markets, new consumers, and new opportunities. It is positive because it favours the growth of the industry even though firms face a major competitive

market. Internationalization needs a strategy well implemented in order to deal with foreign networks and to acquire a favourable position in the new market.

Friuli-Venezia Giulia wineries face the internationalization process without a proper strategy for foreign countries. This may be a limit in achieving this goal because each country has its own culture, way to communicate, a tradition that may not correspond to that of Italy. Thus, communicate as well as talking to an Italian audience, may be ineffective since it can create misunderstanding due to incomprehensible messages.

Products such as wine are strictly connected with their territory, and this is the reason why labels such as “Made in Italy” and “Made in Friuli” represent an excellent method to communicate quality abroad, especially because Italian quality is positively well known worldwide. However, there is still someone who does not believe in this kind of label power.

Website

“The global online wine market was estimated to have generated around \$5 billion in sales during 2012, with revenue reportedly growing by 30% annually.” (Bonn, Gon Kim, Kang, Cho. 2016). This amount represents just a little part of the total revenue of wine sales, but it is important feedback on technological progress.

Italy is a traditional country where progress happens slowly, especially in markets of agricultural products that are strictly related to the land where they grow. However, progress is necessary, and Italy has to stay on point to be competitive. Italy benefits from the long wine tradition and the well known the quality of its products, but nowadays the industry 4.0 requires more attention on the digital adoption to survive. In Italy, the digitalization in the business processes is below the European average, and online selling takes even the worst place on the ranking, and the questionnaire’s responses confirmed what figured out in the theories. Friuli-Venezia Giulia wineries do not have an online shopping space even though a high number of firms are working in that direction. This is positive because it shows proactive behaviour towards digital progress.

Wineries websites tell the traditional culture of Italy and its agricultural products. The main objective of the website is communicating the story of the family, the family business, the territory, and the land where grapes grow. This particular point of view enhances the importance of the territory, which is the reason why of wine properties and

flavours. Moreover, the focus on the family is precious because it highlights the typical organizational structure of the Italian industry, which is composed mainly of family-owned businesses.

Marketing communication

Marketers are adopting marketing into their business because of the changing environment that globalization created to highlight the necessity to stay on point with trends. There was a change in the media landscape since the evolution of mass communication. Mass communication changed over time because consumers became more fragmented with the advent of the digital era and have the access to a large amount of information. Communication has become more specialized, and targeting is a crucial process in marketing planning. Moreover, the number of media vehicles increased, notably.

Offline marketing takes place mainly through exhibitions and depliant. The digital era affected the traditional way of doing marketing, which was mostly offline. However, it still considered the primary touchpoint for consumers in the wine industry because consumers can test for real wines and go through a purchase process. Marketing offline activities concern the promotion of events and relationships with consumers. Moreover, they are essential because they enhance the story of the family and the territory.

Interactivity increased with the advent of social media and facilitated the share of information as well as the relationships with consumers. Social media became a touchpoint for wine consumers creating online communication with the wine brands. Moreover, social media are incredibly flexible and adaptable to several contents.

Despite the results of Q77 about different marketing strategies for foreign countries, the digital business strategy is implemented differently abroad than the one used for the domestic market. The number of respondents that think towards this direction is still low (9 out of 29) but is higher than Q77 (1 out of 28). The remaining 20 do not use a different digital strategy to expand. Moreover, the respondents think that a digital strategy is helpful when internationalizing and communication strategy is useful when it happens to interact with new networks. Thus, they agree that the wine sector may benefit from a digital communication strategy towards new markets. The digital business strategy is essential to enter in new networks and build a positive image.

Facebook is the most used social media to communicate, followed by Instagram. The reasons why are linked to the facility to share information and the ease of using them. Moreover, the cost of adoption is relatively low. Facebook allows a fast and significant diffusion of information, mainly about events and the firm itself. While Instagram looks like the media to create effective communication content towards consumers. Therefore, these two-communication vehicles are similar even though the degree of adoption of Facebook is notably higher.

Export

Also, the questions about the export go together with what is written in the previous chapters. Export represents a big part of the Italian trade. Europe and the US represent the main importers; however, emerging countries as China are entering into this market and are acquiring more and more market share. Exporting is preferred than exploiting resources and know-how abroad for two main reasons: exporting is cheaper and easier than bringing part of the whole business abroad, and wine is a product which is strictly connected with the land where it is produced. The properties, flavours, traditions cannot be imitated elsewhere. Generally, when a firm exploits resources abroad is to expand its business but with different products. In this perspective, the firm has to have a strong brand image and a defined positioning in the consumer's minds to take advantage of its name when it made an acquisition abroad.

Conclusions

Companies compete in the global competition among global companies for global consumers. The world is borderless; communications are fast, transportation, and financial transaction are easy. Distances do not exist anymore, and there are no barriers to global marketing.

Globalization is one of the biggest challenges the modern world has faced and is still facing. It is not easy to deal with it because it affects the business in many ways, often asking for a solution that needs a profound change. It made the world borderless and created new opportunities for companies. Thus, companies look at international markets for many reasons: more expansion opportunities, a saturation of the domestic market, slow population growth, unfavourable marketing environment, higher profits, survival.

The international environment impact on the businesses in several ways. There are many factors that companies need to take into account when internationalize. Firstly, the economic environment of a country indicates its stability and future potential investments. A country is desirable if it has enough income to forecast future potential consuming. The difference between developed countries and emerging ones stays in the presence of an economic infrastructure that surrounds the entire ecosystem. Communication, transportation, financial networks build around an economy define its stability. Notable is also the demographic environment that gives an idea of the quality of life in a country. Living standards and lifestyle are the mirrors of society. The more the population is varied in terms of age, distribution, occupation, the more the country is attractive.

Along those lines, culture plays a crucial role in the development of a society. In this perspective, it is necessary, focusing on the different ways people understand the same message. Different cultures perceive the same message differently due to their attitudes, lifestyles, ethic, morals, uses, customs. The problems arising from languages are much more frequently than imagined. Signs, symbols, and symbolism are fundamental to get a winning marketing strategy. Therefore, the political environment influences heavily the decision of the country where to invest. Government regulations can limit the marketing activity because they may not allow specific types of advertisements, or they have strict laws on the contents and do not let the media convey the message.

A digital strategy is even more complicated because it is not regulated. These latest years some new regulations born but there is a lot to do still. The Internet is used to promote the brands, to engage potential consumers, and to sell online.

Digital media are becoming an integrated part of the strategy because the Internet penetrates countries' barriers and makes the world borderless. Many companies have recognized the potential of the Internet, but it remains a challenge for many others, mainly because it requires specific IT skills. Italy has not taken into account digital tools yet. Its adoption level is below the EU average of some points value even though its trade is going well. Italy signed EU programs that aim at integrating digital innovations into business and invest strategically in this sector. Italy is a member of the EuroHPC Joint Undertaking, the Declaration establishing a European Blockchain Partnership and the Declaration on Cooperation on Artificial Intelligence. Italy had also implemented a strategy for Industry 4.0 since 2016, and the current government extended the investment in this sector even trough 2019 due to the priority to develop. The program created for Industry 4.0 provides tax deductions for those companies that invest in digital integration, especially for SMEs. "Instead of a 150 % flat extra deduction, the rate now falls with the size of investments, and there is a cap on deductible investments. An additional measure has been introduced to help SMEs in their digital transformation - a EUR 40,000 voucher to hire an innovation manager" (Digital Economy and Society Index (DESI). Country Report. Italy 2019).

To facilitate digital adoption, 22 Digital innovation hubs are already active. They born to help SMEs in transforming their business into a digital one and sustain digital progress. As said previously, SMEs lack of human resources; thus, the hubs replace human capital where needed in order to implement the Industry 4.0 strategy. Additional help such as Punti di Impresa Digitale goes together with the hubs promoting the digital transformation. Then, there are centres where training on ICT tools and experiment with the best alternatives for enterprises. These centres provide digital advice mainly.

However, what is the strategy to cope with the slow digital adoption? The solution is increasing the awareness of the digital transformation and the relevance that this is going to have on SMEs. Awareness is needed to boost digital integration. In this perspective, marketing awareness and digital integration play and aim to the same purpose with the same conceptual strategy.

Italian Wine sector is strong and represents a big part of the Italian export worldwide because it has been the first wine producers of the world for the fourth year. Wine is an agricultural product that, by definition, it is valuable after tasting. However, some factors may influence the purchase of wine, even when not directly tasted. Country of origin, experts' opinion, and brand image are some of them and play a crucial role in the marketing strategy or should have been taken as essential points. However, marketing sometimes sounds like something not essential because it is a long-term investment and, generally, does not give evidence immediately.

The questionnaire, even if not statistically relevant, confirmed the insights that came up in the theoretical chapters. The respondents were 39, but it was enough to study the results and figure out that the trend about digitalization has still to do a long process of back and forth before being finally adopted mainly due to tradition constrain. When digitalization meets the wine sector, this may be even more difficult because of the link between wine, the final output, and the land, the territory. In this perspective, territorial marketing plays a crucial role since its aim is accomplishing awareness goals. Territorial marketing goes along the same lines with internal firm marketing activities when talking about agricultural products. This kind of marketing is essential to make known abroad a territory.

The topics analysed provide an overview quite accurately of the wine industry-specific to the area of Friuli Venezia Giulia. A large part of the sample is a family business, but there is a considerable portion that has not family members employed. Regarding the business strategy, the primary objective of the firms is increasing their turnover. A company has to have a high turnover enough to survive. However, it is interesting that the objective that follows the first one is the interest in the expansion towards international markets. The need to grow came from the new borderless world after the globalization process that made it possible to export abroad and succeed in doing it. Wine is an agricultural product that is appreciated worldwide since its properties and flavours are inimitable elsewhere, and exporting is the only vehicle to make it international. However, for SMEs exporting may be more difficult than for MNEs due to resource constraints. Although exporting might not be easy, the networks typical of Italian organizational structure help the whole wine industry to grow. The networks represent a method to earn resources that other firms have. Moreover, the consortia were also born to help wineries to go abroad.

The strategy used by the winemaking firms does not differentiate from country to country, but this is going to be a barrier because of language issues. Another topic regarding the strategy is the presence of e-commerce. The majority say that they do not give the possibility to buy wine on their website still, even though the majority confirmed that their wines are available on other social platforms. Notable is the positive behaviour towards the adoption of e-commerce in the future. Moving to the marketing topic, marketing offline activities such as exhibitions and depliant/brochures are preferred than the online ones. However, the growth in the adoption of social media, mainly Facebook, is positive. Moreover, the respondents agreed that an online marketing campaign is helpful for the internationalization process. Although they think so, it is very low the percentage of wineries that have a different online strategy for foreign countries. Notwithstanding, the primary purpose of social media and website contents is describing the family, the territory, and the properties of the wine because of the land. This enhances the strong connection with the land.

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