



Economy

Singapore Business

## LA SCOLCA LOOKS TO THE FUTURE, BEYOND COVID-19

◆ Distribution, Economy, Export, Food, import, market, STRATEGIES AND RECIPES, wines

STRATEGIES AND RECIPES BY CHIARA SOLDATI



### ***How do you see the current situation in general?***

"Nothing will be the same as before"...we have been hearing it for weeks; however, the data gathered by Nomisma present a fairly encouraging picture: Italian consumers (85% of the entire population) state to be faithful to their own habits already starting from Phase 2, accordingly with their financial availability. The growth in large retailers does not compensate the stop of consumption outside our homes in the HORECA channel. An investigation of the Vinitaly-Nomisma Wine Monitor Observatory, developed on 1,000 Italian wine consumers, states that for 80% of consumers "after" will be like "before".

For many the Horeca losses will be penalizing, not compensated by growth in domestic and online consumption, and it will take years to recover. Only in the EU, said OIV, the estimates, with the Horeca sector not working, are about a loss of - 35% in volume and -50% in value for wine. The growth in large-scale distribution, where, however, the offer is much more price-oriented and limited to far fewer players than that of the restaurants industry, are not enough to compensate the overall losses.

The worlds of wine and restaurants are called to profound changes, grappling with the need to react to the financial crisis and at the same time they have to defend themselves from speculation: the forecasts are considering a drop in the overall consumption, and a reduction in average prices, and therefore in margins of sales and turnover. This will have a direct impact on farmers and producers of wine and grapes. We continue to invest in production and we will not give in to speculation.

It is fundamental to maintain jobs, excellence and support the "rural business". My family has been investing in Gavi for 100 years and will continue to do so, especially now that the company is entering in its 5th generation. Precisely for this reason we are also thinking about strategies and products that look to the future and to the generation of millennials.

### ***How are the foreign markets reacting to the emergency?***

We have balanced percentages between export and Internal market (70% and 30%), diversified by sales channels and export development in 46 countries. This allows us to maintain a certain balance. In addition, the selection of valuable international partners like Shaw Ross in the USA combined with SGWS in the distribution, Simple in Russia, Galleon in Canada, Pernord Richard in Estonia, Eurowines in the UK, Ariane Abayan in Germany just to mention some, it is a fundamental guarantee. This does not minimize my concern for what we are experiencing and will have to face, but professionalism and extreme quality will be basic requirements to be competitive.

### ***How do you see the short term future for the Italian food and wine world?***

Italy has potential for recovery but if the right actions are implemented. The economic recovery must be made with gradual reopenings, specified plans and medium-term investments. What do you need for Italy and specifically for the food and wine sector? We need a forward-looking policy that rewards courageous entrepreneurship, who knows how to manage transitions and who knows how to train new skills, a policy that simplifies bureaucracy and makes it competitive. The pandemic was a completely unexpected event which is now putting a strain on national economies and also on the balances that had consolidated over the past decades. This situation could be the end of globalization and see a return to nationalisms. Italy is one of the countries that has benefited most from globalization. Technology will push towards greater globalization, nationalisms will slow down the return to expansion. The problem will have to face will be to provide bars and restaurants with health devices and therefore facing new habits. In my opinion, we will continue to witness a development of wine and food delivery.

***What do you think of the so-called phase 2? Which "recipe" do you propose?***

I hope for a concrete dialogue involving all the social partners and the needs of all economic and productive sectors. It needs an overview with strategies that also look to the medium term. The economic recovery is made of gradual reopenings, strategic planning and medium-term investments, aid to businesses and simplification of bureaucracy. We need new growth, to raise the GDP. Businesses are the main players, but we cannot do it alone, we need a strong modern, leaner audience.

***What can be the after-lockdown strategies to relaunch the wine sector?***

We must continue investing in marketing activities. Companies that continue to invest on this kind of activities will have many more benefits. We also have to focus on the main brands. In the most complex phases of a crisis it is good to focus on the markets that we are able to better manage, where, in the most recent past, we have been able to generate the best profits. In addition, the well-known and consolidated brands will be more successful, brands on which the investment to create visibility by importers / distributors / traders will be less expensive. We must focus on innovation. In times of crisis it is natural to think about what could be useful innovations to allow companies to improve their situation. They are in fact the phases where we think about the so-called NPD (new product development). It is certainly positive to think about how to innovate ourselves. We should avoid promotional discounts. Discounts and promotions in general are always a delicate issue. La Scolca will handle this issue with great caution because lowering prices beyond a certain threshold today means risking medium and longterm profitability, as well as an impoverishment of product quality in the event of lower quality standards. La Scolca is doing the opposite, so continuing to invest in quality and in the search for ever higher production standards. The illusion that lowering the positioning today can be easily raised tomorrow is an illusion.

Local is better. The "local" factor must be recovered, especially in stressful phases such as these; it's important to bring back the attention to the closest markets starting from the local ones. Being forced to stay in our local community , among other things, imposes this choice, but all this could become an added value in the near future both in consumption and in tourism. We have already experienced a similar phenomenon in 2001.

***In general, what strategies do you think companies should follow once the lockdown will be over?***

Surely it will be necessary to review professional strategies, invest in technological innovation, create a customer relationship management system, work on smart working operational projects that foresee a decrease in travel and incentives for digital meetings. It will then be necessary to increase the safety protocols, following the regulations established by the Government. It will be necessary to focus attention on the product, which must be modern but capable of overcoming temporary trends and lasting over time. It will be necessary to interpret the concept of "comfort wine", "Feel good", "emotion", "experience", emphasizing the concreteness and safety of what you buy. The historical brands will have an important role in this kind of approach towards wine.

From a communicative point of view, the role of brand awareness will be central. It will be essential to have a good brand reputation. There will be a more genuine communication, with fewer masks and more faces. Digital tasting will be promoted to taste the new vintages at a distance, having the opportunity to receive the products directly at home.

A "tailor-made" concept for markets and customers will be recovered.

***How do you imagine the future of sales reps in an increasingly digital era?***

The figure of the sales rep will remain the protagonist and will have an evolution, he will be less and less a simple collector of orders and more and more a Brand Ambassador able to take care of relationships focusing on the human aspect, through advices, data, and direct personal relationships with the Horeca customers.

### ***What proposals have the Italian restaurateurs made to the government?***

The "Rete della Ristorazione Italiana" (Network of Italian restaurateurs), counting more than 26 business associations and 34.000 associates, developed these proposals in order to survive first and then start again full power to preserve the Made in Italy, its tourism, superb wineries, excellent food and more: cancellation of national and local taxes, credit for utilities related to commercial activities and payment plan without interest; extension until the end of the year of the extraordinary fund for employees that are not working right now; suspension of leases, mortgages and rentals until the end of 2020; easier access to credit; an extraordinary tax relief on the employees that are working, tax exemption on social security contributions and benefits up to June 30th 2021; possibility for the restaurants and bar to extend home deliveries; non-refundable support measures 4 for the mandatory closure period imposed by law by the covid-19 emergency (equal to 10% of turnover in relation to the same reference period): these are the measures requested from the world of Italian catering, unfortunately bended due to the crisis imposed by Coronavirus, which has already cost € 12 billion to restaurants, bars and clubs, that could reach 28 billion losses by the end of the year, according to Fipe.

### ***How do you see the future of restaurants?***

We are going forward between scenarios of uncertainty and strong disturbance for what we are experiencing. We must be concrete, try to see this moment as an opportunity for change. We must have the courage to change while remaining faithful to our identity, trying to fortify it.

### ***What would be your strategy?***

Authenticity, quality, safety, value of the territory. We need to make a strong and powerful system with all our sectors. Professionalism, innovation and tradition, value of the raw material will win. Capable entrepreneurs will make it, who always has worked well in the past will continue to do so and will be able to face the future with confidence. There will be more meritocracy and seriousness. Rebirth is possible.

### ***In your opinion, what can be the "recipes" to encourage a recovery in the restaurant sector?***

An interesting proposal could be the "dining bonds", an idea (which originally came from the United States) signed by the Dinnerbond.it portal. Many chefs from all over Italy joined the initiative; Cristina Bowerman, Luigi Taglienti, Cristiano Tomei, Lorenzo Cogo, just to name a few. A "tasteful" investment, but real: through the platform it will be possible to buy vouchers, at a price set by restaurateurs, which will be usable with a higher value, even doubled, when the premises can reopen. Food and wine delivery is ready to evolve. It is becoming a strong aspect for restaurants, pizzerias and bistros – the last businesses that can reopen at the end of the health emergency – which allows both to support themselves and to maintain a constant contact with their customers . Food and wine delivery still needs to grow, between strictly regulated takeaways and distancing rules, but also with increasingly articulated offers that do not forget the experiential side. This will make the market even more competitive: to differentiate, it will be necessary for restaurateurs to enrich the delivery with unique experiential aspects, especially for the top restaurants as to enrich the offer with a selected wine list for the perfect wine pairing with their menu and make available, for special occasions, cook and waiters, sommeliers and barmen (in full compliance with the sanitary rules).

### ***What would you recommend to a young man who works in the wine sector in the restaurant field?***

I would say what I always repeat to my son Ferdinando, almost 18 years old. Beneath success there is a lot of effort, nothing in life is given. We must study and be prepared. Having curiosity to learn and discover, not to be afraid of thinking about new goals. Have the humility of the neophyte but the courage of a great explorer. Do not homologate to others. Never! Stay free, independent and always have the courage of your choices even when they may seem against the common thinking.

### ***How do you imagine the restaurant of tomorrow?***

Obviously, we will have to follow the safety and health instructions given by the authorities; at the level of new proposals, I would recommend greater seasonality in the menus, more creativeness and with menu proposals

that can change every month. I imagine a short supply chain that can reward small production agricultural companies; I imagine a 100% Italian cuisine reinvented in a modern way. We have an incredible variety of agricultural products in Italy, we have many PGI of oil production, DOC and DOCG of great value, a selection of dairy products.

Let's rediscover our Italian traditions, let's rediscover our territories and we can create a new way of offering ourselves in a modern way, with a strong territorial identity. As I often mentioned in several interviews abroad, even spaghetti with tomato sauce made with excellent raw materials are a great dish. We can rediscover the elegance of simplicity but made with great skills. We can take inspiration from classicism, from art and from what it has made our country great. As per the location, I imagine the return of large open spaces, new areas reconverted and temporary restaurants. Maybe halls of public buildings leased temporarily for gastronomic experiences. Food and culture...