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BSFS 380: The Business of Wine: Italy and Beyond Course Syllabus

Fall Semester 2017

Instructor: Dario Parenti

Credits: 3

Prerequisite: None

Class Hours: Tuesdays, 5:15pm-6:45pm; Wednesdays, 12:00pm-1:30pm

Office Hours: Immediately after class on Wednesday or email

Lab/Site-Visits Fee: 80 €

Course Description

This course explores the business and marketing of wine, with a special focus on U.S. markets. Wine trade and consumption in the U.S. have consistently increased in recent years. Until the early 1990s, wine consumption was concentrated in a few major states. Today, wine is consumed by a large part of the U.S. population. Italian wine, counting for 30% of U.S. wine imports, is a major part of this economic and cultural scenario. In addition, new wine markets have emerged worldwide.

This growing interest has strengthened the role of traditional key players of the wine trade such as importers, distributors, wholesalers, and retailers, while helping to create new professional figures such as wine writers, wine club managers, and event promoters. In this course, students learn skills that help equip them to take on such roles. Given the notable diversity and quality of Italian wines, students examine issues of sourcing, shipment chains, trading channels, and market impact. The course includes business simulations and a day trip to visit an Umbrian winery.

Course Objectives

By the end of the course, students should be able to:

- understand the trading dynamics of Italian wines within the U.S. market;
- gain skills to analyze and optimize costs and quality of the wine sourcing and shipment chain;
- develop the capacity to work in a team with a specific goal;
- demonstrate a better understanding of different Italian wines and regions as well as their ideal trading channel;
- understand the structure and activities of the many professional positions in the U.S. wine business, and acquire useful knowledge to fit them; and
- improve debate skills and understand possible effects of making different strategic decisions.

Please Note: This is NOT a tasting course. Wine is utilized in very small amounts and only in specific circumstances.

Approach

Business or marketing basics would be helpful, but are not compulsory. While the course will be held in English, some technical words will be explained in Italian. Each class focuses on one aspect of the complex wine trading channel. Handouts will be discussed in class and case analyses will be examined. Subjects covered by the required readings and the work done in the classroom are complementary; it is, therefore, imperative that students attend lessons and complete *all* the required readings.

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Mode of Assessment

Students will be assessed on the basis of:

1. Quizzes (5% + 5%)
2. Oral Presentations (10%)
3. Group mock winery Project (15%)
4. Class Participation (15%)
5. Mid-term Exam (25%)
6. Final Exam (25%)

PLEASE NOTE: Times and dates for exams and presentations cannot be changed. Except in the case of a certified, serious illness or other emergency, they will not be rescheduled. There will be no make-up assignments for missed exams.

Grading Scale

Letter grades for student work are based on the following percentage scale:

Letter Grade Range	Numerical Score Equivalent	Student Performance
A	93% - 100%	Exceptional
A-	90% - 92%	Excellent
B+	87% - 89%	Superior
B	83% - 86%	
B-	80% - 82%	
C+	77% - 79%	Satisfactory
C	73% - 76%	
C-	70% - 72%	
D+	67% - 69%	Low Pass
D	63% - 66%	
D-	60% - 62%	
F	59% or less	Fail (no credit)

1. *Quizzes* (10% of the final grade):

Two announced quizzes will take place during the semester: one during the first half and the other during the second half. Each will be worth 5% of the final course grade and will consist of three short answer questions and 10 multiple answer questions. The questions will be drawn from the mandatory readings.

2. *Oral Presentation* (10% of the final grade):

Each student will be assigned with a web link regarding a topic discussed in class. The student will need to understand, develop, and present the link to the rest of the class. Each assigned link could vary in length and content: it is the responsibility of the presenting student to make an interesting and clear 10-15-minute presentation based on the web information.

3. *Group Project: Mock Winery Presentation* (15% of the final grade):

Students will work in small groups. Each group must produce either a business start-up proposal (including creation of a wine portfolio for a specific market), or a marketing plan designed around a specific market or range of products. A handout with full details and requirements will be distributed to students during the second class. The project will be evaluated based on the problem solutions, innovative ideas, and work distribution. This project is a combination of research analysis and evaluation as well as creativity!

The instructor will approve the subject of each group project. The groups will do some original research to support their proposal. The instructor reserves the right to assign members to the teams; cultural diversity within the groups is highly recommended. Each team will present its report to the class on Wednesday, December 6th. Each presentation should last about 20 minutes. Groups will need to create a PowerPoint to accompany their presentation. Students are encouraged to bring pertinent visual props and/or use graphic software. Showing poor preparation and/or interest in the project and related assignments will negatively affect your contribution and project grade.

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4. *Attendance Policy and Class Participation* (15% of the final grade)

Students are allowed **two** “free” absences during the semester, which they will not need to justify. Missing further hours of class will progressively lower the student’s final grade by one grade level (i.e., with three absences a final grade of a B+ would be lowered to a B). Note-taking is required. If a lesson is missed, students are responsible for obtaining class notes from others and/or for meeting the instructor during office hours. It is also the policy of the Institute that any student who has eight or more absences automatically fails the class.

PLEASE NOTE: Presence during mandatory field trips is especially important for student performance in this class. Missing a mandatory field trip, unless for a very serious reason that is communicated to Umbra staff in a timely manner, will lower students’ final grade by one grade level (i.e., a final grade of a B+ would be lowered to a B).

Speaking up in class is highly encouraged. Students should feel free to ask questions and clarify concepts. It is also expected that students actively listen to their classmates, pay attention, and participate in class by reading assignments, doing homework, and contributing to the overall class environment. Everyone has something to learn from one another! Students should come to class prepared to discuss all the assignments, and therefore should read ahead, and not expect to learn everything from the instructor’s lectures.

5. *Exams* (50% of the final grade)

The mid-term (25%) and final exams (25%) are written tests, each requiring approximately two hours to complete. The format will be multiple-choice and short answer questions. Remember that the dates of the exams CANNOT be changed for any reason.

Course Materials

There are no required texts; all readings will be in the course reader. Additional reading assignments, both optional and required, may be made available by the instructor.

Course Schedule

WEEK 1

SEP 5TH (5.15 PM-6.45 PM)

Course introduction

The class format and structure will be discussed. Each student will present himself or herself by filling out a brief bio (name, school, where they live, major, experience with wine or marketing).

SEP 6TH (12 PM-1.30 PM)

Viticulture: What a vine is and what is viticulture

Understand what a vine and viticulture are and analyze the grape’s basic physiology and main chemical aspects. See how wine is obtained from *Vitis vinifera* grapes.

Required Readings: Kolpan et al.: “Chapter Two: Wine Grapes” pp. 43-46; Gallo-Charters: Chapter 2, paragraph 3: pp. 29-32; Chapter 8: pp. 99 -110

WEEK 2

SEP 12TH (5.15 PM-6.45 PM)

Intro to the Italian wine industry: Product/Wine

What is wine? Which are the main steps of winemaking? The white winemaking and red winemaking process will be discussed, focusing on the differences between the two.

Required Readings: Bronstrom: “Sulfites” pp. 226-227; “Barrels and Oak Alternatives” pp. 22-25

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SEP 13TH (12 PM-1.30 PM)

The Italian wine appellation system

After briefly going through vine and wine's history, see how the appellation system is structured including the main appellations and wine regions of Italy; its importance for the wine business; and its importance for the "Old World" vs. the "New World".

Required Readings: Hall-Mitchell "The Marketing Dimensions of Production Processes: Adding Value to the Vine-Introduction" pp. 83-90; "Sustainable Wine Growing as Sustainable Marketing" pp. 92-109; Brostrom: "Appellations" pp. 7-10; "Terroir" p. 241

WEEK 3

SEP 19TH (5.15 PM-6.45 PM)

The 4 P's: Product/Packaging

Costs of the traditional packaging (glass, cork, paper label) vs. costs of new packaging solutions will be covered. How does specific packaging fit specific sale locations?

Required Readings: Bronstrom: "Alternative packaging" pp. 3-5, "Labels as Marketing" pp. 145-147; "Closures" pp. 55-58; "Cork Taint" pp. 67-68; Hall-Mitchell "Brand Building" pp. 139-142

SEP 20TH (12 PM-1.30 PM)

Mock Winery Project: Product/Packaging exercise

Teams will get together to develop research for the project on the different topics faced so far focusing mostly on the packaging/labelling aspects.

WEEK 4

SEP 26TH (5.15 PM-6.45 PM)

Theory of wine tasting

We will briefly go through main sensorial (i.e., sight, smell, taste) aspects involved in wine tasting.

Required Readings: Brostrom "Ratings and Scores" pp. 196-198; "Wine Writers" pp. 269-271

SEP 27TH (12 PM-1.30 PM)

Letting the market know your wine exists and its worth buying: Promotion

The class will focus on how, where, and when different wineries promote themselves and how wine events can help forge a clientele.

Required Readings: Gray "Tips for Distribution Success"; Hall-Mitchell: "Wine Events" 207-223; Gallo-Charters: Chapter 13: pp. 177-190

WEEK 5

OCT 3RD (5.15 PM-6.45 PM)

Pre-field trip overlook and comparative tasting

An overview of the field trip will be discussed (winery characteristics, wines tasted, harvest operations, general vineyard and cellar operations).

We will then taste wines similar to Terre Margaritelli's offer for a better understanding of profiles and styles.

OCT 4TH (12 PM-1.30 PM)

SUSTAINABLE FOOD MARKET VISIT with Professor Elisa Ascione

Students will visit the market with Professor Elisa Ascione (Sustainability of Food Production in Italy) understanding the many aspects involved in the local trade and promotion of off premise sale. During the visit students are required to take notes and interview key players of this particular wine trade section regarding the many aspects of their business.

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OCT 7TH, SATURDAY

Field Trip to Terre Margaritelli (Time to be decided)

Winery visit to Terre Margaritelli to tour the facilities and meet with the manager who will share the winery's history and introduce the products in a wine tasting, as well as discuss the many business aspects he faces.

WEEK 6

OCT 10TH (5.15 PM-6.45 PM)

First discussion and questionnaires on the visits to the Sustainable Food Market and to Terre Margaritelli Winery

OCT 11TH (12 PM-1.30 PM)

Promotion: wine magazines

Major wine magazine issues will be read together and analyzed in class, focusing specifically on the marketing aspects.

WEEK 7

OCT 17TH (5.15 PM-6.45 PM)

Mid-term exam review

Discuss main topics studied before the mid-term exam and explain the structure and evaluation parameters of the exam. Also, students will submit their quizzes, which cover topics that have been studied through today.

OCT 18TH (12 PM-1.30 PM)

MID-TERM EXAM

Students are free after the mid-term exam's conclusion.

October 23rd-27th SEMESTER BREAK

WEEK 8

OCT 31ST (5.15 PM-6.45 PM)

Movie screening: "Somm"

This movie shows the story of four sommeliers willing to become "Master of Wine" and their passion for wine. Students will need to understand which are main aspects involved with the "Sommelier" profession and, consequently, which are important facts, strengths, and topics vital for the wine business in general.

NO CLASS: Wednesday, November 1 – Ognissanti – Umbra closed

WEEK 9

NOV 7TH (5.15 PM-6.45 PM)

White wine tasting

We will start the practice of wine tasting focusing on white wines.

Required Readings: Brostorm: "Branding" 28-31; "Profit and profitability" pp. 185-186; "Negociants" pp. 159-161; "Trade barriers" pp. 242-244; "Supply and demand" pp. 229-231; Gray: "Chapter 6 – Containers" pp. 73-84; Gallo-Charters: Chapter 14: pp. 193-205

NOV 8TH (12 PM-1.30 PM)

Discussion on the movie "Somm"

Mock winery project: Promotion

Groups will work together to develop research for their project on the different topics faced so far with

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particular attention towards the promotional aspects.

WEEK 10

NOV 14TH (5.15 PM-6.45 PM)

Price/placement: wine cost and sell for and its many ways to get to the markets

Given a specific wine's style, quality, and packaging, the producer faces different costs (i.e., winemaking, ageing, packaging costs). The cost must be functional to the "ex cellar" (FOB) price, which varies in consequence of many variables, and creates different margins for a winery.

NOV 15TH (12PM-1.30 PM)

Mock winery group project development

Students will develop a distribution strategy describing where, how, and how many cases will be located on the different markets the winery is operating on.

WEEK 11

NOV 21ST (5.15 PM-6.45 PM)

Price/Placement II: The U.S. market

What are the costs that determine the final price of a bottle of wine in a store or restaurant and how do they differ in export markets like the U.S.? This lecture will also explore the various factors that affect the final price.

Required Readings: Bronstrom: "Alcohol and Tobacco tax and trade bureau" 2-3; "Control States" 65-67; "Importers" pp. 134-136; "Distributors" pp. 80-84; "Restaurants" pp. 202-205"; Gray: "Portfolio selections and decisions" pp. 37-55

NOV 22ND (12 PM-1.30 PM)

GUEST LECTURE TBD

WEEK 12

NOV 28TH (5.15 PM- 6.45 PM)

Tasting red wines like an expert

Divided in three groups, students will taste wines of similar categories rating them with the 100-point scale.

NOV 29TH (12 PM -1.30 PM)

Make-up winery project

Each group will conclude its work with the support of the professor in class.

WEEK 13

DEC 5TH (5.15 PM-6.45 PM)

Final exam review

Review the main topics studied before the final exam and explain the structure and evaluation parameters. Students will also submit their quiz, which covers topics studied up until today.

DEC 6TH (12 PM-1.30 PM)

PRESENTATIONS OF MOCK WINERY PROJECTS

WEEK 14

DEC 11TH-15TH

Week of Final Exams and Special Academic Events

Appointments will be announced later in the term.

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Course Bibliography

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Gray, Deborah. *How to Import Wine: An Insider's Guide*. Wine Appreciation Guild, 2011.
Gallo, J., & Charters, S. *Wine business management*. Montreuil: Pearson France, 2014.

Supplemental Bibliography

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Chang, H., *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*, Bloomsbury: New York, 2008
Beyersdorfer, D., and Vincent Dessain. "Preserve The Luxury or Extend The Brand?" *Harvard Business Review*, Jan-Feb 2011, pp.1-6.
Kim, W. Chan and Renée Mauborgne. *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. Harvard Business School Press: Boston, 2005.
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Inkpen, A., and Rod Phillips. "The Wine Industry," Case Study for the American Graduate School of International Management. Thunderbird: 2006.
Thach, Liz and Brian D'Emilio. *How to Launch your Wine Career: Dream Jobs in America's Hottest Industry*. South San Francisco, CA: Wine Appreciation Guild, 2009.
Albala, Ken, and Gary Allen. *The Business of Food: Encyclopedia of the Food and Drink Industries*. Greenwood: New York, 2007.
Nowak, Z. "Against Terroir," *Petites Propos Culinaires*, 96, June 2012.
Black, R. "'Terroir is not only good to think, it is good for business,'" Boston Hospitality Review, forthcoming.

Internet References

The following Internet addresses represent useful instruments to further investigate all topics addressed in class (always search for the English version):

www.winefolly.com

www.wine-searcher.com

www.winespectator.com

www.winebusiness.com

www.vinous.com

www.jamessuckling.com