



Karelia University of Applied Sciences

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Export Plan for Italian Wine to the United States

Case: Premium niche Italian wines for export to Collier County Naples, Florida

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Abstract

This thesis explores the potential of Italian niche wineries to enter the Collier County Naples area market in the state of Florida and identifies market entry strategies through various analyses.

The objective is not for a specific company, but rather for any player in the Italian wine sector which would like to enter the US market for the first time.

This thesis can therefore be a starting point for future research both for small Italian wineries and for students who want to write a thesis regarding an export plan, a market entry strategy or international market research of the United States.

Searches were conducted on government websites, public and private organization websites and article databases. Google Trends and textbooks were also useful in various sections of the thesis. Finally, Google Maps was used to conduct more in-depth market research on the target area.

Various analytical frameworks were used, such as PESTEL analysis, Porter's Five Forces, Marketing Mix, and the contents of international contracts and appropriate choices of terms were also identified.

Finally, this thesis identifies all possible solutions in an export plan and what a company should do or avoid to have a viable strategic plan.

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target market, premium wines, export plan, analyses, research, differentiation, Naples Florida.

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1 Introduction

1.1 Background

Italy is considered a nation specialized in the production of high quality wines thanks to the climatic and environmental conditions that favor the cultivation of fine grapes.

Florida is a potential market for wine sales: in 2021 the state ranked second in the United States for wine consumption. Furthermore, the area of Collier County and Naples City is considered to have high potential, as it shows an appreciation for Italian wine but also boasts high family income and for the habits that favor the sale of premium wines.

To adapt the product to the market and avoid unfavorable outcomes during the internationalization phase, an in-depth study and analysis of the target market is necessary before launching the product in a foreign country.

In addition, it is considered the wine producer who draws profits and decisions from the international market, which is why the objective is direct export as the entry mode.

Finally, knowledge of how international contracts are structured is also fundamental as sellers will have to make sure they negotiate well the Incoterms Rules 2020, the mode of transport and the payment method of a specific foreign consumer and also evaluate the help of an agent for the sales and distribution phase.

1.2 Research method

Before writing the thesis, research was carried out on both quantitative data, that is, research for information based on quantifiable mathematical and statistical data, and also on qualitative data, which is a more in-depth collection of data coming from the opinions and perceptions of the interviewees (Macalester College 2023).

Specifically, a survey was evaluated to collect information and data. This allowed to formulate hypotheses and ideas useful for the realization of the thesis. Furthermore, the AI tool ChatGpt was used for certain hypotheses, brainstorming and the retrieval of information. However, the AI tool was not used as the main source.

In fact, most of the sources were researched through reliable digital sources in government and corporate sites, articles, Google Trends and even Google maps was also used for a more in-depth research and analysis of the target market area. In addition to digital sources, sources from textbooks were also searched which helped in some parts of the thesis.

Finally, it was necessary to respect certain criteria in the document regarding the layout, cited sources and academic language according to the thesis instructions provided in the Karelia UAS.

1.3 Outline

The thesis is based on an export plan for small companies that want to enter the foreign market for the first time and specifically companies in the Tuscany and Abruzzo regions. The climatic and environmental conditions there favor the production of cabernet sauvignon, vermentino and trebbiano, all considered potential wines to be sold in the target market area.

The thesis is divided into the introduction, which is made up of four parts including the background of the thesis, the research method of sources, the outline and the

objectives. The second chapter describes an overview of the advantages of the exporting country and the Collier County Naples Florida area. The third chapter analyzes in depth both the macro context of the US market and the competition. The fourth chapter reports the results through the marketing mix of the analyses of Chapter 3. Subsequently, the fifth chapter takes into consideration the internalization phase through the description of the different types of entry and analyzes the importers and their activities. International contracts are also identified. Finally, the conclusion responds to the objectives of the thesis.

1.4 Objective

The purpose of the thesis is to identify how Italian wineries can export premium wines to Collier County, Naples, Florida.

The thesis answers the following fundamental questions for the export phase:

- 1) What actions are needed to enter the foreign market?
- 2) What types of Italian wines are suitable for export to the city of Naples in Collier County area?
- 3) How is it possible to expand into the foreign market in the shortest possible time by beating the competition?
- 4) What are the main costs to be incurred in an export plan?
- 5) What are the ideal conditions and terms to use in international contracts?

To answer these questions, research based on methods of theoretical tools will be evaluated, and subsequently an implementation phase oriented to the wine sector will be given.

2 Overview of the exporting country and importing area

2.1 Characteristics and general considerations of Italy

Italy is a country known throughout the world for its landscapes, including coasts and islands with pristine beaches. The mountains are among the highest in Europe, including Mont Blanc and Rosa in the northern regions. The country is also known for its mild and Mediterranean climate, for its art, history and culture. (Britannica 2024). All these factors make it the fourth most visited country in the world in 2023 (Statista 2023a).

Furthermore, according to the Made-In-Country-Index (2017), developed by Statista, Made in Italy is also recognized throughout the world as an intangible value as the products are defined as high quality. Among the main sectors are clothing, costume jewelery and agri-food.

According to Tinexta Group (2021), the food and wine sector is at the top of the ranking of the best-selling Italian products abroad, far exceeding the performance achieved by the luxury sector.

The Mediterranean climate and the environment make it a favorable condition for growing grapes and producing wines with different varieties and of high quality, making it a country specialized in this sector.

2.2 Market research of the target area

According to Statista (2021) at 83.152 million liters in 2021, Florida is in second place for state wine consumption after California.

Florida appears to be a good market because there are many import agents spread across the state specializing in niche products, including wines. The time zone in Florida compared to Italy is six hours behind, while in the state of California it is nine hours. This positively affects communication in the state of Florida between the Italian producer with buyers and importers. In addition,

Florida is closer to Italy than California and this has an advantage in terms of transport costs and shorter delivery times. (Italy-America Chamber of Commerce Southeast 2021.)

Taking into consideration the different areas of Florida according to Google trends (Figure 1), from January 2023 to January 2024 the Collier county Naples area has an interest in Italian wine. In fact compared to the other areas depicted in Florida and the capital Miami the Naples and the hinterland has a predominantly preference for Italian wine over French, Spanish and local wines.

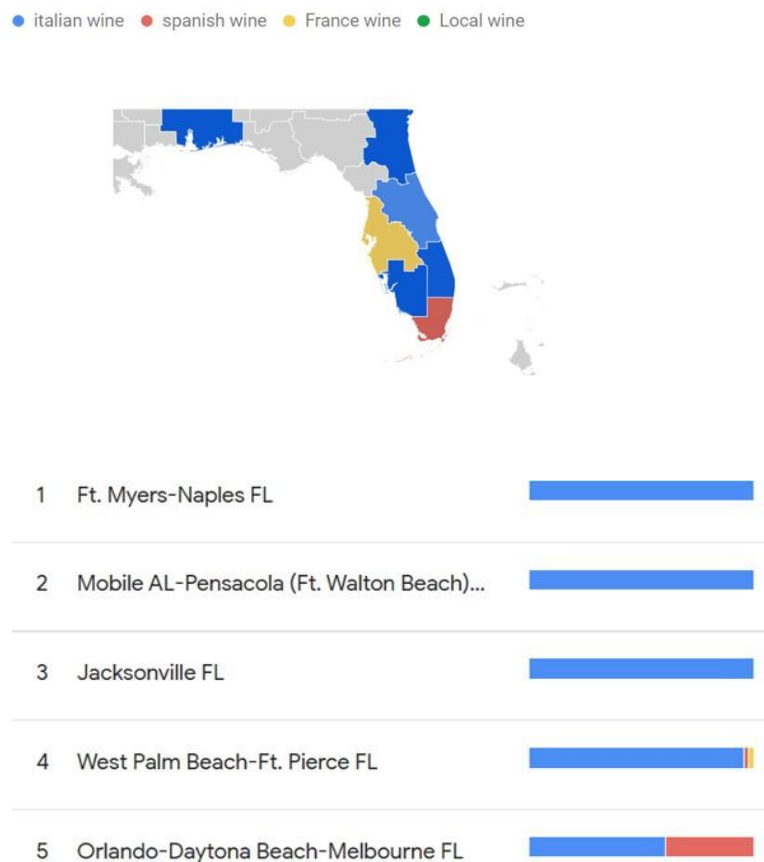


Figure 1. Wine preference from January 2023 to January 2024 (Google trends 2024).

As can be seen in Figure 1, each country is represented by a different colour, and the Italian wine is indicated with the color blue. If the color is depicted with a darker intensity between the areas, it means that the percentage of preference for the product in the area is higher.

In addition, this analysis was done through the "all categories" filter including purchases in a one year period. Therefore, the short-term results may vary. However, when evaluating the preferences of the last five years and therefore in the long term, Italy always remains at the top of the ranking compared to other countries.

Finally, it is stated that in the Naples area there is no specific preference between red, white or sparkling wine. It has a subtropical climate, and the local wineries offer fruitier wines which can therefore be consumed more than the dry wines produced in the Mediterranean. However, the inhabitants love to eat in restaurants that offer quality food, and white and red wine are combined during meals.

3 Macroenvironmental and competitive analysis

3.1 Pestle analysis

The pestle tool analyzes the macroeconomics of a foreign country, analyzing the Political, Economic, Social, Technological, Legal and Environment aspects. It is useful to know how external factors can positively or negatively influence the export of a certain product and how to move in the target market to minimize risks. It is also useful for adapting the product to the new market. (Washington State University 2023.)

In this analysis all the United States are considered for the economic, legal, political and technological part as it directly influences all the states, while for the cultural or social and environmental factors only the target area market is analyzed, as the United States is vast and each area is different.

3.1.1 Political analysis

The United States is made up of fifty autonomous states plus the federal District of Columbia coextensive with the capital Washington. The country is a presidential federal republic. The head of state, government and armed forces is the president, elected every four years. In November 2020, Joe Biden was elected president. (The White House 2024.)

Joe Biden has taken peaceful actions for international trade policies. The president who preceded him, Donald Trump, had imposed punitive duties of +25% on agri-food and wine imports of some European countries including France, Germany and Spain. (Tax Foundation 2023.)

The dispute arises from the commercial war in the skies between the US and the EU between Airbus and Boeing which lasted 17 years and ended on 15 June 2021 thanks to an agreement with Joe Biden and the European Commission. (EU commission 2021.)

According to the article by Laura Donadoni (2023), it was feared that with the arrival of President Joe Biden, the duties would also increase for Italian wines, however Biden, thanks to the agreement with the European Commission, did the opposite by blocking punitive tariffs for five years, making it safer to import wine into the United States.

It can therefore be said that Biden, through his peaceful and political actions, has removed restrictions from EU countries for international trade, so there are favorable conditions for exporters.

Secondly, the corruption perception index for public administrations is analyzed in Figure 2. This is calculated through analysis tools and surveys aimed at expert people in the business world. It is measured on a scale from 0, which means high levels of corruption perception, to 100, which means low levels of corruption perception. (Corruption Perception Index 2022.)



Figure 2. USA Corruption Perception Score (Corruption Perception Index 2022).

As can be seen in Figure 2, the United States' corruption perception score has decreased since 2017, but from 2021 to 2022 it increased by two points, going from 67 to 69 points out of 100, ranking as the 24th least corrupt country, less corrupt than about 180 other countries in the world.

In comparison, the United States ranks third in the Americas, below Canada and Uruguay both with a score of 74/100, and also below many Central and Northern

European countries such as Denmark, which is in first place in the world with a score of 90/100.

Despite being below the ranking of some European and American countries, the United States still has a positive ranking with a score 26 points higher than the world average, which is 43 out of 100.

Finally, the analysis identifies the political stability index, which measures the perceived probability that the government will be overthrown violently or unconstitutionally. It is measured on a scale from -2.5 weak stability to +2.5 strong stability. The United States has been declining since 2018, going from 0.42 to 0 in 2021. (Political stability 2022.)

Furthermore the United States is in 95th place in the ranking of 193 countries but remains above the average which is -0.7.

3.1.2 Legal analysis

According to the US Customs and Border Protection (2023), to sell or promote a product in the United States distilled spirits such as malt beverages and wine, a foreign seller must apply for a basic federal importer permit. This can be done by submitting an online application in the "National Revenue Center" - "State Alcohol Beverage Control Boards" section available on the Alcohol and Tobacco Tax and Trade Bureau (TTB) website.

To obtain the permit, the seller can opt to open a trading office in the United States, or can also contract with an existing importer, to avoid high costs and risks.

Subsequently, importers must obtain the Certificate of Label Approval (COLA). To obtain the certificate, the wine label must contain what is depicted in Figure 3.



Figure 3. Label requirements to comply with US trade (Resource Label 2022).

However, there are certain categories of wine which must go through a pre-COLA approval analysis before obtaining the certificate. This is specifically if a wine does not comply with the criteria imposed by the TTB. If it has compounded flavours, wine made from multiple agricultural ingredients or with a high alcohol level above 16%, the wine will pass to the pre-cola analysis. To request both the importer's permit and the COLA label, the seller can apply online on the official websites, and this does not require a fee. (TTB 2024.)

It is also necessary to register with the Food and Drug Administration (FDA) which is responsible for regulating imported foods and beverages, including alcohol. Then it is necessary to declare a notice of the shipment of food or drinks before the goods enter the United States. The notice must be sent no more than 5 days and no less than 4 hours before the arrival of the goods. (FDA 2023.)

Finally, the importer must pass through the US Customs and Border Protection (CBP), where it will be essential to show the documents, mainly the COLA approval certificate, the commercial invoice, the packing list and the bill of lading.

Additionally, the importer must pay excise taxes and federal duties on spirits such as wine at the time of customs clearance and at the port of entry.

The tax rates available on the official TTB website vary according to the type of wine, in fact, still wine with below 16% alcohol by volume (0.392g CO₂/100ml or less) with an importation of a maximum of 30,000 gallons, has a tax rate of \$1.07 per gallon. However, the customs costs for sparkling wine is \$3.40 per gallon, resulting in a more unfavorable cost compared to still wines. (TTB 2020.)

Based on this information it can be said that bureaucracy is a problem especially for stipulating a contract with an importer, which could have high costs.

3.1.3 Economic aspects

The United States has a capitalist economic system with a free market, so prices and sales of goods and services are based on supply and demand, with little to no government intervention (University of Cambridge 2023). This therefore makes the sale of wine without restrictions from public administrations possible, except for criteria imposed by customs.

In 2022, the United States recorded a GDP of \$25,439.7 billion, ranking as the state with the highest GDP in the world. However, with a GDP per capita of \$76,330 the state ranks fifth. (WorldData 2024.)

As can be seen in Figure 4, from 1990 onwards, the GDP of the United States has been rising almost every year. Most recently there was a recession in 2020 due to the restrictions of the Covid-19 pandemic.

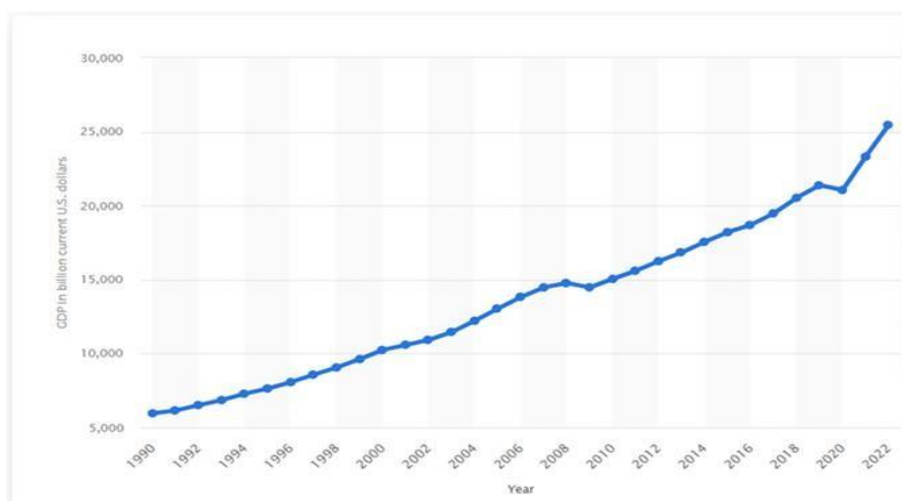


Figure 4. GDP of the United States (Statista 2023b).

In particular, the most affected activities in 2020 were restaurants, bars and accommodation facilities as there was a decline in foreign tourists, and there was also a restriction on tasting events or fairs. All of these factors have also had a negative impact on wine consumption. (Statista 2023c.)

The monetary and fiscal policies undertaken by the Federal Reserve and the White House in 2020, as can be seen in Figure 4, were able to help with recovery from the economic crisis (The White House 2022). In 2023 there were no Covid 19 restrictions in force and this, therefore, is no longer a threat to commercial activities such as bars and restaurants.

Lately, however, a strong threat at an economic level has been the Russia-Ukraine war, which has caused inflation on raw materials and has also hit the wine sector with an increase in the production costs of Italian wine on average of +35%, including the main costs of glass bottles, electricity, steel machinery, paper and transport (Winenews 2024). This can therefore negatively impact the final price for the US consumer.

Another aspect to take into consideration is the currency, namely the dollar. According to the Europe Central Bank the value of 1 euro was on average 1.0803 dollars in the period between 20 December 2022 and 20 December 2023. (Europe Central Bank 2023).

On the positive side, the United States is the world's largest importer of wine, with imports amounting to approximately 14.4 million hectoliters (Statista 2022a). The top wine exporter in the United States with 1.4 billions of dollars is Italy, followed by France at around 1.3 billion dollars (Statista 2022b).

When evaluating the different geographical areas according to Google Trends (2024), it is apparent that the Naples Florida Collier area is one that has a greater appreciation of Italian wines compared to local and other Mediterranean wines. Through cultural analysis it can be stated that for the inhabitants who love culinary culture and international cuisine, the consumption of wine is desired as a complementary good.

Finally the city of Naples is considered the 21st wealthiest city in Florida based on four factors, including median household income, mean household income, median home value, and median property taxes paid (Forbes 2023).

In addition the average family income in 2021 of \$125,306 can favor the sale of Italian niche wine and therefore the possibility of promoting a premium wine. With such high incomes, the inhabitants could value the quality of a product more than the price. (DataUsa 2022a.)

3.1.4 Technology analysis

Compared to Italy and the European Union, the United States is a leader in many technological areas, in particular in Research and Development and in innovative start-ups. In addition, the United States is at the forefront in digitalization and the adoption of technologies relating to industry 4.0, artificial intelligence, technological infrastructures and blockchain technologies. (Forbes 2023.)

In fact, many US companies, especially high tech ones, are large companies that spread their patents and their software services all over the world, including social media platforms such as Facebook, Twitter, Instagram and LinkedIn, the main search engine in the world Google and also hardware such as Apple and Android mobile devices. (Statista 2024.)

In the United States, most wineries use innovative technologies and machinery for production and cultivation; they use also new technologies for the promotion phase including social media and e-commerce which allow for direct sales to the consumer. There is also an increase in attention to environmental sustainability. Instead, many Italian wineries are oriented towards artisanal winemaking. Promotion is done through the history and culture of the cultivation area, and sales in physical shops predominate. There is no widespread diffusion of organic production, nor the use of innovative technologies for the management and cultivation of the vineyard. (Wine Meridian 2023.)

For these reasons, Italian wine companies will have to adapt to the habits of US consumers, especially in the communication and promotion phase. In particular, it will be essential to have updated content on social media and also create an innovative website with a good brand and images. A means of communication for customer support must be innovative. Furthermore, attention to sustainable production is fundamental.

However, the producer should not focus on purchasing new machinery for production, as it could have high costs. In fact a large quantity of exports is not expected in the short term, but this must be taken into consideration in the event that the sales begin to increase in the long term. The latest generation machinery tends to increase production in less time and reduce costs.

3.1.5 Environmental aspects

As shown in Picture 1, the city of Naples is located in the southwest of the state of Florida, between Miami to the west and Fort Myers to the south. It is the administrative capital of Collier County.



Picture 1. Location of the city of Naples (Best Places 2023).

The climate of this area is subtropical with warm winters and hot and humid summers with widespread rainfall, in fact rainfall increases in the summer months compared to the winter months, when it rarely rains. The average temperatures in the summer are between 23 and 32 degrees. In the winter the average

temperature fluctuates between 13 and a maximum of 25 degrees. (US Climate Data 2024.)

Even if the climate has good conditions, hurricanes or tropical storms could happen between the end of summer and the beginning of autumn. Since they come from the east or south it does not directly affect Naples, but nevertheless it is at risk. This happened with the Charley tornado of 2004 and Ian in 2022. (The New York Times 2022.)

Regarding the characteristics of the city and the urban area, there are several green areas, including parks, botanical gardens and a zoo. Additionally, Collier County is considered among the major golf capital areas as it has more than 150 courses.

The city that faces the Gulf of Mexico boasts of having pristine beaches with fine white sand.

The main streets attractive for tourists are Old Naples on 5th Avenue South and 3rd Street South near the port, where there are several colorful buildings, old-style houses and numerous green areas and fountains. Another aspect are the galleries; there are numerous museums of art, military history, motor vehicles such as antique cars and trains, and even a museum dedicated to bakers. (Naples Florida Travel Guide 2023.)

Considering the environment of the city and the urban area, it is no coincidence that it is a tourist attraction and wealthy people live in the area. In fact, in addition to having cultural characteristics and an uncontaminated environment, the city has also several restaurants offering quality food, luxury shops and different wine shops. In addition as can be seen from Google Maps, many restaurants are Italian and by analyzing the menus of these which are available to the public it is shown that there are already several wines from Italy and France. Furthermore, some wine shops also offer Mediterranean premium wine.

3.1.6 Cultural aspects

The official language of the United States is English but in the Florida area and in many states Spanish is spoken as a second language (Census 2022).

The city of Naples in Florida was founded at the end of the 19th century. It was given this name because it resembles the mild climate of southern Italy, but above all because the bay with a very long, white, pristine beach was compared and defined by journalists and inhabitants of that era to be better than the bay of Italian Naples. (Naples Florida 2021.)

In 2022 the city of Naples registered 19,969 inhabitants but in 2021 there were 385,980 inhabitants throughout the Collier County area. The inhabitants as already identified are mainly wealthy individuals, as well as elderly people over 65 years of age and tourists. It is considered one of the richest cities in the United States both in terms of average family income and for their luxury properties (DataUsa 2022b). In addition, millionaires and even seven billionaires live in the city (Naples Daily News 2023).

Furthermore, the city is considered among the happiest places in the United States. In 2022 there was a crime rate 28% lower than the national average, the inhabitants show a friendly character and a comfortable lifestyle, people who have a high Income, especially retired people, choose to move here for the peaceful environment, but also to have fun and spend time in the many available activities that the city and Collier County area can offer. (AreaVibes 2023.)

In addition to golf, the city has several natural areas, art galleries, theaters and various cultural events, luxury boutique districts and some restaurants offering a mix of international and quality cuisine with wines from the Mediterranean area diversified in the menu. In fact, the inhabitants also have a passion for culinary culture and with the wealthy lifestyle, they also have the habit of eating high quality food in the restaurants. (Mediterra 2019.)

3.2 Competitive analysis

First, the competition analysis evaluates Porter's 5 forces, which are divided into horizontal competition such as competitive rivalry, threat of substitutes, and the threat of new entrants and vertical competition such as bargaining power of suppliers and bargaining power of buyers (University of Cambridge 2016). Secondly, it is evaluated how the product could beat the competition through product diversification and uniqueness strategies according to the blue ocean theory.

3.2.1 Competitive rivalry

This analysis of direct competition first evaluates the different premium Italian wines present in wine shops and restaurants in the Naples Florida area, through the strengths and weaknesses of competitors. Then what a company can do to avoid common mistakes and make known the product on the market in the shortest possible time is evaluated.

Through the analysis from Google Maps the main direct Italian competitors are the Marchese Antinori company based in Tuscany, which offers a variety of wines, the Planeta company based in Sicily, which offers merlot type wines, and the producer Giuseppe Alzero, based in Veneto, which offers merlot and cabernet wines.

Competitors	Location	Wines	Prices	Strength	Weaknesses
Marchese Antinori	Tuscany	1) Chianti Classico 2) Super Tuscan 3) Tignanello	From 150\$ to 300\$	1) Quality of the vineyard 2) Experience handed down through generations 3) Online visibility 4) High brand reputation	1) Little attention to environmental sustainability 2) Not advanced production technology 3) little attention to label design
Planeta	Sicily	Merlot Wines	\$125	1) Quality of the vineyard 2) attention to environmental sustainability 3) Online visibility	1) Not advanced production technology
Giuseppe Alzero	Veneto	Cabernet and Merlot Wines	From 125\$ to 500\$	1) Quality of the vineyard 2) Experience of the winemaking team	1) high prices compared to the average of premium Italian wines 2) Little attention to environmental sustainability 3) little attention to label design 4) Little online visibility 5) Not advanced production technology

Table 1. Strength and weaknesses of direct competitors.

Secondly, the research compared French wines which are the main competitors as wines between the two nations have similar prices in the Naples area. French wines tend to have a more innovative label design compared to Italian wines, as depicted in Pictures 2 and 3 as an example.



Picture 2. Example of Italian wine labels (Marchese Antinori 2023; Bleu Provence Fine Wines 2023a).



Picture 3. Example of French wine labels (Bleu Provence Fine Wines 2023b).

In the majority of Italian wine labels as analyzed in the wine shop in Naples "Bleu Provence Fine Wines" and in the Marchese Antinori company website, there is too much attention given to the quality and origin of the wine on the label. While this is an advantage, it is also essential to work to create a label with more attention to design as it results in a less innovative image compared to French labels.

Therefore, a strategy may not be to compete by showing too much of the qualities and origins but rather to create a simple and differentiated label. Many labels report similar values to each other, and this leads to consumer confusion during the purchasing phase. (Chan Kim & Mauborgne 2015a, 77).

Instead, premium Spanish and Californian wines have a higher price range both in wine shops and on restaurant menus than French and Italian wines and this could disadvantage sales compared to French and Italian wines.

Furthermore, it is essential to analyze the competitors of local wine shops, in fact, according to Albaum, Duerr and Josiassen (2016a, 149), local competitors should not be underestimated, as the inhabitants are used to those tastes, and it could be difficult in the short term to launch a product from a foreign market even if Italian wine is highly appreciated.

In fact, when analyzing the "Local Naples winery" it is identified that the wines are very different compared to those of the Mediterranean. The main characteristics are fruity and sweet wines with an average price of \$25. The purchase of these fruity wines cannot be only due to habits but also the mild subtropical climate, which favors the purchase of more refreshing fruity wines in the warmer months compared to Mediterranean dry wines.

To beat direct competition, therefore, the new entrant Italian company will have to be willing to invest more in the label design and promotion of the wine. It will have to maintain a price range between \$125-150 so as to remain among the premium wines at the lower prices. It will be necessary to create a product with a new variety of wine so as to differentiate itself, adapt to the trends in demand for organic wines, and evaluate distributing the wine in the right retailers who have high demand for premium Mediterranean wines.

3.2.2 Threat of substitutes

Substitute products are products that meet the same consumer needs but come from other industries (City University of New York 2024).

The main wine substitute products are beer and fruity cocktails. There is a high demand for these two drinks in the United States and also because beer is a drink that can replace wine during meals. Cocktails can replace wines during aperitifs, especially if they are more affordable than premium wines.

(The Pennsylvania State University 2022.)

Furthermore, in the United States the most consumed alcohols in 2022 are vodka, gin, whiskey and rum which can easily replace wine even in recreational moments or moments of leisure with friends and in clubs such as pubs, bars or discos.

(Statista 2023d).

Therefore, creating a differentiated wine that is also ideal for recreational moments and not only during meals can be a strategy to avoid being replaced by these spirits. It must also be considered that there may be preferences that influence the purchases of spirits. For these reasons the sale must be made in specific retails where wine has the greatest demand compared to other spirits.

3.2.3 Threat of new entrants

Considering the research conducted in political analysis, at this time entering the US market does not seem to represent a risk for exporters thanks to Joe Biden's agreement with Europe that eliminated punitive tariffs. However, this may lead to a high risk of competitors entering the market.

Furthermore, it is estimated that in the next election, which will be on 5 November 2024, Donald Trump or another candidate will replace Joe Biden and this, therefore, could pose a threat to exporters not considering entry before the election due to the additions of possible protectionist policies (New York Times 2024a).

3.2.4 Bargaining power of suppliers

Wineries also need to be aware of the bargaining power of suppliers. The main factors of suppliers with high bargaining power are the offer of unique, high-quality and indispensable products, little competition and the high value of reputation in the market. Therefore, with high bargaining power, suppliers will increase prices, putting wineries at a disadvantage.

On the other hand, the supplier has weak bargaining power if there are many competing suppliers, the demand for products is low and this therefore leads the supplier to lower prices, benefiting the wineries. (Corporate Finance Institute 2024a.)

Therefore, wine producers must take into consideration different suppliers so that they compete with each other by lowering prices. This must also be evaluated for the choice of importing agents.

3.2.5 Bargaining power of buyers

The bargaining power of buyers can also be strong or weak. The buyer's high bargaining power is influenced by a variety of factors, including the volume of large quantity purchases. The seller also offers an easily replaceable standard product. There are many competing sellers, and the power is affected when the buyer has experience in negotiation and is informed about prices, or when a seller relies on a small group of retail buyers and finally when there is an oversupply.

On the contrary, the wine producers benefit when a unique and differentiated product is offered, when there are few competitors among sellers and therefore buyers find themselves with fewer options. Even long-term agreements limit buyers from changing suppliers easily.

Therefore, a seller who offers a competitive advantage is one who offers a unique, innovative and highly requested product on the market that will be able to increase the buyer's earnings. (Corporate Finance Institute 2024b.)

For these reasons, when analyzing the specific distributors in the Naples Florida area, they could have a high bargaining power as there are many competitors of niche Mediterranean wines, and this can bring an enormous variety of choices to end consumers if the differentiation of the product is not considered.

3.2.6 Blue ocean strategy

According to the blue ocean strategy, one method to beat the competition is to create a product that has a completely new value proposition.

Taking the Australian company Yellow Tail mentioned in the Blue Ocean Strategy book as a starting point, this wine was successful in America for having differentiated itself well from the offer of most wineries. Even the fruity taste has made it suitable for any occasion and it can also replace various alcohols such as beer and cocktails, which are considered indirect competitors. The wine was also able to create a label with a simple and curious design with an image of a kangaroo depicting the Australian animal. There was no need for any phrases and words that identify the history of the vineyard, as most wine bottles and especially Italian ones have. This has therefore favored differentiation as many brands use similar strategies, leading to confusing the consumer in the purchasing phase. For this reason creating a method of differentiation is equivalent both to creating new product varieties or unique production processes, and to creating a label and bottle with a simple but attractive and innovative design. (Chan Kim & Mauborgne 2015b, 63-80.)

4 Results

The results of the analysis will be implemented through the marketing mix. Therefore, it will provide a set of actions a company should take to create and market its product to customers. According to the classic 4P model created by McCarthy, the fundamental levers of the marketing mix are: product, price, point of sale or, more generally, distribution (Place) and promotion or, more generally, commercial communication. (Market Business News 2023.)

4.1 Prototype product

According to ChatGpt (2023), cabernet sauvignon, chardonnay, and merlot are the most purchased wines in the Naples Florida area. Also according to USA Wine Ratings (2019), these three types of wines are among the best-selling in the United States.

After the discoveries of the various analyses carried out in the previous chapters, an ideal prototype product can be identified to be exported to the Naples Florida area. High-quality types of wine are grown in specific areas and with specific grapes, and the fermentation and storage phase also affects the quality of the wine. In this case therefore the Tuscan region is taken into consideration, as the environmental conditions favor the production of cabernet sauvignon and vermentino, while the Abruzzo region is ideal for Trebbiano. These types of wines have characteristics that satisfy the tastes of the consumers of the target area.

4.1.1 Production phase

The red wines will be produced based on the types of cabernet sauvignon wines in the Tuscan region in the Chianti area. The characteristics that favor the cultivation of these black grapes are clayey and not very fertile soils, a temperate climate with lots of sunlight and heat during the growing season. The harvest of the grapes takes place with an evaluation of phenolic compounds analyzed by oenologists, and only the best grapes will be selected for the fermentation phase. After the fermentation phase the wine is stored in oak barrels. Cabernet Sauvignon offers dark fruit flavors. (Team 8Wines 2024.)

The second potential product is Trebbiano-type white wine. These are produced with white grapes grown in calcareous soils, in a temperate and not excessively hot climate. The cultivation areas are located in the Tuscany region, but the environmental conditions in the Abruzzo region better favor the production of Trebbiano-type wines.

The fermentation takes place cold at 15° C, and the conservation takes place in steel tanks, thermo-conditioned, with a controlled temperature. High-quality Trebbiano-type wine has a fresh, light and fruity flavor (Vicino Italia 2021).

The third potential product is Vermentino-type sparkling wine. To obtain high quality it is necessary that the cultivation of white grapes is in sandy soil, of marine origin and rich in oceanic sediments with a fresh climate during the season of growth. An example of this type of territory is the province of Pisa in the Tuscany region. The alcoholic fermentation must take place with natural yeasts and be stored for 5 months in steel tanks. The flavor of high quality Vermentino is fresh and aromatic, with fruity notes of peach and lemon, a pleasant minerality and a balance between acidity and creaminess. (The Spinetta Company 2022.)

4.1.2 Value proposition

In the previous paragraph the basics for producing the ideal types of wines to be exported to the Naples Florida area were described. However, to create added value it will be essential to adopt organic cultivation and production and also to adopt differentiation strategies as described in the competition analysis. Therefore, a label will be created in English, with a creative and innovative but simple design to attract the attention of consumers. The attractiveness of the label is fundamental. This is especially true in light of French competitors whose bottles and labels tend to have a refined design.

Finally, the wine must be oriented to every occasion, both recreational and for meals. For this reason the wines must have an addition of fruity and sweet but balanced flavours, in order to be oriented towards the local consumers. Therefore, the producer will have to experiment with the processes of unique production based on the typicalities of cabernet sauvignon, vermentino and trebbiano wines.

4.2 Price

The unit price will have to be 110 dollars to be sold to retailers, while the list price for end consumers will be 150 dollars per unit to cover costs and create high quality premium wines but with one of the lowest price ranges compared to prices in the Naples, Florida area. In fact many premium Mediterranean and Californian wines, analyzed in various outlets such as restaurants and wine shops, can have prices ranging from \$100 to \$500+.

4.2.1 Forecasts, cost and revenue estimates

In the first year a total sale of 2000 bottles of 750ml per unit is expected, including 1000 bottles of red wine, 600 bottles of white wine and 400 bottles of sparkling wine, with a price of 110 dollars to be sold to retailers. It will therefore be necessary calculate an estimate of the producer's costs and revenues.

First of all, customs costs are calculated according to the official TTB website (2020). These are \$1.07 per gallon for still wines, therefore reds and whites, while for sparkling wines the cost per gallon is \$3.40. This results in an average calculation per bottle of \$1.54.

Secondly, sea and road transport costs are assessed from the quote automatically created online on 10.01.2024 by the Hapag Lloyd Company for transportation from the Tuscany region to the port of Tampa in Florida as depicted in the Picture 4.

Freight Charges

Freight Charges	Curr.	20'STD	40'STD	40'HC
Ocean Freight	USD	1550	1880	1880

Picture 4. Cost of transportation based on different container (Hapag-Lloyd 2024).

Subsequently in Table 2, the calculated costs per unit of transport and customs are taken into account, as is also the production cost per bottle for Italian premium wine from the source of Antonio Tomacelli (2012). Also included are the mark-up

percentage and other general costs estimated based on Albaum, Duerr and Josiassen (2016b, 499). Finally, the marketing costs are made according to Small Business Trends (2024).

Producer	Costs	Revenue
Production average cost per unit premium wine	\$ 10.90	
Additional average cost after Ukraine-Russia trade war	35%	
Total production costs	\$ 14.72	
cost estimation marketing and promotion	10%-20% from the production costs	
cost estimation after marketing and promotion per unit	\$ 16.93	
Freight costs per unit	\$ 0.78	
Average duty cost per unit	\$ 1.54	
Cost commissions estimation of distributor/importer from the final price %	30%	
Cost commissions estimation of distributor/importer from the final price of producer (110\$) per unit	\$ 33.00	
Additional costs estimation per units for unforeseen events (marketing, promotion, transport costs, import costs, insurances and so forth.)	\$ 10.0	
Total costs per unit	\$ 62.25	
Total profit per unit		\$ 47.75
Total Unit target	2000	2000
Total costs	\$ 124,500.00	
Total Revenue		\$220,000.00
Net Profit \$		\$ 95,500.00
Net profit €		87,614.68 €

Table 2. Costs and Revenue estimation

This estimate was made on January 10, 2024 with EUR/USD of 1EUR = 1.09 USD, so costs and revenues may vary over time based on the change in the EUR/USD currency (Google Finance 2024).

The VAT of the final price is not taken into consideration as it is not required in the US market. However, in the United States there is the state and local sales

tax rate. In Florida these average a total of 7.01%. The sales tax will be charged by the retailers to the final consumers. (Tax Foundation 2024.)

Finally, the price prediction may vary according to demand, so the price of \$110 should be lowered no less than \$85, since this price covers costs and there is adequate profit. The producer's profit margin could be less than indicated.

4.3 Place

The place of production will be in the Tuscany or Abruzzo regions, where the climatic and environmental conditions favor the production of the products described.

Subsequently, the wines will be distributed through the help of an import agent who has the license and permission to handle the product in the USA. The agent will also make arrangements to promote the product at fairs and represent the product to retailers. The wines will be sold to distributors such as wine shops oriented towards the demand for premium wines, restaurants, lounge bars, pubs, and hotels.

4.4 Promotion Phase

The promotion phase will be carried out in two ways: online promotion, which will be mainly managed by the wineries, and offline promotion, which will be managed by the importer. (B&B Press 2024.)

4.4.1 Online promotion

First of all, a website will be created in Italian and English, and the contents will concern the company culture, staff and products (Forbes 2024).

Furthermore, when evaluating the technological analysis, it will be essential to create a site that has an innovative font and images. For any requests, it is also

important to add not only telephone and email contacts but also more innovative customer support, such as a real-time response chat or a chatbot that responds automatically with artificial intelligence.

Secondly, an account will be opened on social media such as Facebook or Instagram in order to inform stakeholders of promotions, activities, products and news. TikTok can serve as a tool for creating advertising videos, so as to have a quality advertising video promotion at an affordable cost.

In addition through social media, contents such as videos and photos can be promoted through hashtags. In this case the diffusion will depend on the percentage of time viewed of the video, the number of likes, shares and comments.

However, with hashtags the contents may not spread as expected. A seller should therefore evaluate the personalized social media promotion service, which at an affordable cost gives sellers the possibility of reaching thousands of views of both the content and the account. Beyond this the seller with the personalized promotion can opt for the segmentation of the target market. (Prami 2023.)

4.4.2 Offline promotion

The importer will instead take care of promotional activities at local events in the city of Naples Florida. In particular it will be necessary to register for agri-food sector fairs, or for wine tasting events available. Furthermore, the TikTok video created by the winery should be shown on a screen in the stand.

The positive aspect of fairs, in fact, is that sellers can promote the product both with end consumers and with retailers (International Trade Administration 2022). Finally, importers, as agents, will have to contact retailers through cold calls or emails, and will also have to promote and sell in person on behalf of the wine producer.

5 Internationalization phase

The internationalization phase firstly identifies the different possible channels for entering a product into a foreign country and describes the advantages of the export channel and also analyzes in depth the ideal importers of Italian wine companies. Secondly, it describes the international contracts and therefore how a seller should choose the appropriate terms.

5.1 Entry modes

Table 3 identifies the main different types of entry modes into a foreign market.

The intent is to choose a channel that complies with low cost and risk and is a suitable channel for producers entering a foreign market for the first time.

Type of Entry	Advantages	Disadvantages
Exporting	Fast entry, low risk	Low control, low local knowledge, potential negative environmental impact of transportation
Licensing and Franchising	Fast entry, low cost, low risk	Less control, licensee may become a competitor, legal and regulatory environment (IP and contract law) must be sound
Partnering and Strategic Alliance	Shared costs reduce investment needed, reduced risk, seen as local entity	Higher cost than exporting, licensing, or franchising; integration problems between two corporate cultures
Acquisition	Fast entry; known, established operations	High cost, integration issues with home office
Greenfield Venture (Launch of a new, wholly owned subsidiary)	Gain local market knowledge; can be seen as insider who employs locals; maximum control	High cost, high risk due to unknowns, slow entry due to setup time

Table 3. Type of entry advantages and disadvantages (LibreTexts 2023).

The expansion phase of the product will take place through direct export, as direct investments could cause higher costs than profits. Licensing and franchising can cause the product to be taken over by other companies, and this could lead to

them being the competitors of producers, while alliances increase the risks of disputes between companies due to different corporate cultures. Furthermore, the aim is to obtain high long-term profits that might not be possible with an intermediary.

Secondly, through legal analysis it has been established that a producer can open a sales office based in the United States and obtain an importer license to sell wine directly. The second option is to find an import agent in the United States.

The choice of the import agent may be the best for a small company entering the new market for the first time due to the convenience of costs and the lower risks. Table 4 shows the various importing companies specialized in the marketing of niche Italian wines in the state of Florida.

Company	Location	Activities
Italwine	Milan Italy - Miami Florida USA	1) import activity 2) logistics service 3) research and identification of distributors 4) promotions (web marketing, promotional events) and sales
Italy Wines & Food Distributor	Doral Florida USA	Importing and distribution activities
DIVINITALY IMPORTS	Palm Beach Gardens, Florida and Florence, Italy	1) import and logistics 2) search for distributors
Mediterraneo Italian Wine - Beer - Food Importer Distributor	Casselberry Florida USA	1) importer and distributor 2) selection of wine products
Tuscany Wines Import	Fort Lauderdale, Florida USA	1) importer and supplier 2) sales and marketing 3) gourmet license 4) partnerships with various distributors

Table 4. Main activities of the importers.

As shown in table 4, importers carry out various activities and offer an advantageous service to wine producers. In fact the main tasks are to give useful

general suggestions, take care of customs and logistic procedures. Also included are the promotion phase and stipulate contracts of sales, as the importer will have to earn from the wine entrepreneur through a percentage commission based on the sales made.

Finally, it must be considered that since agents offer various services such as logistics, they are in turn responsible for the transport of goods, the payment of duties and customs and storage in the warehouse, but also promotion services for events. As a consequence these services will have additional costs that will have to be paid by the winery.

5.2 International contracts

Finally, in the expansion phase of the product in a foreign country it is essential to know how international contracts are structured. In general there is basic information such as the price, description and quantity of the product but also the transport method, place of departure and destination determined by the Incoterms 2020 rules and the main payment methods. (Logistiikan Maailma 2024a.)

5.2.1 Incoterms Rules 2020

The Incoterms 2020 rules as shown in Figure 4 include information on the point of departure and destination of the goods, and also describe the responsibilities, costs and risks of the buyer and seller during the delivery phase of the goods.

According to Logistiikan Maailma (2024b), four terms such as FAS, FOB, CFR and CIF concern exclusively maritime or inland waterway transport, while the other seven terms concern all modes of transport.

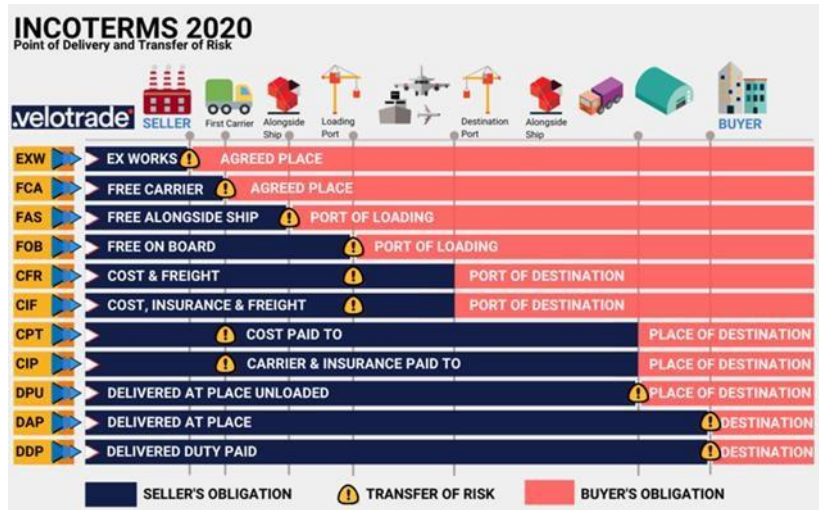


Figure 4. Incoterms Rules 2020 (Velotrade 2020).

The ideal rule to use in this case will be "Delivery Duty Paid", so the seller is responsible for the costs and risks of transporting the goods to the buyer's destination, and the consumer is not responsible for paying customs costs and duties. Furthermore, the consumer is responsible for the goods only after the agreed delivery. (Logistiikan Maailma 2024c.)

This term is ideal both because it will be the importing agent who will take care of the logistics phase and because the seller should consider that the launch of the new product should not give responsibility to the retailers.

5.2.2 Transport phase

There are several international transport methods. The main ones are air transport, road transport, rail transport, sea transport and combined transport.

Road transport is appropriate for combined transport, while air transport is the fastest but also the most expensive option. Sea transport is the least expensive but has the slowest delivery times, and rail transport has delivery times relatively short but is more expensive than sea freight and slower than air freight.

The choice of method of transport is determined by a number of factors, including the type, volume and quantity of the product to be exported, as well as the costs and budget available, the distance between countries and the required delivery times. (Logistiikan Maailma 2024c.)

In this case, since it results in a transatlantic cargo transfer, the main transport methods will be either by air or by sea combined with road transport. It is essential to consider sea transport even if it is the slowest delivery method, as it is the least expensive compared to air transport and this therefore benefits the seller. However, the air transport method is evaluated in the event that during the year there is a greater demand for the product than expected. Therefore, sending the goods urgently in addition to those already sent by sea may be required.

Road transport will be used to move the goods from the company to the port of Genoa and then transport them from the port of Tampa in Florida to the agent's warehouse to then be shipped to retailers in the City of Naples.

5.2.3 Payment methods

Figure 5 depicts the many payment methods in international contracts.



Figure 5. Method of payment in international business (Advanced on Trade 2017).

The first payment method identified is cash in advance, which involves the buyer paying for the order before the goods are shipped. Then the seller has the

advantage of receiving the amount and investing in the production while the buyer takes on the risk of not receiving or receiving less goods than agreed upon.

On the contrary, in the open account, the goods are paid to the seller only after the arrival of the goods. In this case it is the seller who risks not receiving the agreed amount. However, the seller can use this method as a competitive advantage for retailers since not everyone uses this payment method.

Furthermore, there are more secure payment methods such as letters of credit, in which the bank acts as an intermediary between the seller and the buyer and holds the money until the shipment is received. However, it constitutes a disadvantage for the buyer since the bank charges high fees to facilitate these transactions and often requires a guarantee from the buyer.

Documentary collection is a payment method in which the bank acts as an intermediary to hold shipments until the buyer has paid for the goods.

With documentary collections the seller takes on more risk than with letters of credit, but it is still relatively safe since the bank is present as a third party in the transaction. It does not assume any responsibility in the event of problems between the parties (International Trade Administration 2023).

During the initial stages of the export, the letter of credit or documentary collection payment method is evaluated as the risks are moderate, while the open account and cash in advance methods will have to be evaluated when trust between the parties is gained.

Transactions in the United States should not pose a problem if the buyer and seller have credit cards from international networks such as Mastercard, and transactions should not take long. Furthermore, evaluating the corruption rates and crime rates of the target area results in a safe and favorable condition with regards to international trade.

6 Conclusion

In conclusion it can be stated that the objectives of the thesis have been resolved. In fact the actions to be taken before and during the export phase in the target market area were determined, which are to know the macroenvironment of the USA and the Naples Florida area, then evaluate the Pestel analysis, especially for the many regulations that must be respected.

In addition, the direct export channel was evaluated because it has low risks and moderate costs, it gives wine producers the opportunity to manage the sale of the product in the United States to make their brands known and also to seek high profits in the long term. In fact in this sales channel, profits from sales from the foreign market go directly to the wine producer.

Furthermore, the ideal import agents were identified as they specialize in Italian niche wines, but also for their logistics, promotion services and stipulation of contracts with retailers on behalf of the seller. The winery will have to choose one of these agents based on the influence it has on the market; in fact it is necessary to carefully evaluate not only the costs but also which are the best at promoting and stipulating contracts with retailers.

Finally, to resolve the first question, the promotion phase through online and offline channels is also fundamental, in fact it is necessary to make the product known quickly to both retailers and end consumers.

The second question of the thesis objectives has also been resolved. Through research it has been identified which are the ideal types of wine to import into the Naples Florida area, these are premium wines of the Trebbiano, Cabernet Sauvignon and Vermentino types, fundamental it is also about creating a diversification process oriented towards local consumers, therefore experimenting with new production processes that make the wine not only of quality but a balanced wine with a sweet and fruity taste, ideal for any occasion.

The third problem to solve was competition and therefore it was necessary to analyze direct competitors and the solution was to launch wines on the market with a high quality range but with one of the lowest price ranges when compared to other fine Mediterranean and Californian wines in the area, it was also defined to sell the wine to retailers who have high requests for premium wines so as not to have to compete with indirect competitors, while regarding the threat of new entrants it was stated that entry into the USA market could represent a threat after the elections, in fact, among the candidates there is also Donald Trump who is communicating through journalists what concerns the problems of NATO, in fact he would be willing not to defend some countries that are not in compliance with the financing of the alliance, among these the Italy, the problems could spread into a trade war and thus increase import duties on blacklisted countries. (The New York Times 2024b).

Furthermore, it was assessed that both suppliers and importers must be carefully chosen both in terms of cost-effectiveness but also for the goods and services they can offer compared to competitors. The bargaining power of the buyers was also evaluated and one way to launch the product is to offer a product that is difficult to replace. In addition, the payment method for the open account can also be evaluated to guarantee companies a competitive advantage.

Finally, to answer the third question, the Blue Ocean Strategy was evaluated to ensure that the product and label are diversified from competitors.

To answer the penultimate question, a financial calculation and a forecast of the total units to be exported were created and subsequently the main costs were identified which are cost of marketing and promotion, production costs of premium wine, transport costs, cost for the agent, duty costs and cost for unforeseen events.

A strategic way to obtain an appreciable profit is to launch a premium product, in fact the target market also favors the sale of fine wines.

To answer the last question, the thesis took into consideration how international contracts are structured and assessed how companies should evaluate the ocean

transport method for the first transport phase. Even if this is the slowest it is also the least expensive among the options. Air transport can be considered in case the goods must be transported urgently due to an increase in demand in the first year. In addition it has been assessed that the Incoterms Rule 2020 to be used in this case is Delivery duty paid in order not to burden the consumer with the responsibilities of the formalities during the transport phase of the goods.

Furthermore, the payment method has been considered. The ideal is letter of credit or documentary collection while the payment methods cash in advance or open account can be evaluated when there is trust between buyer and seller.

In addition to the objective achieved, it can be stated that the current problems due to various factors start from inflation due to the Russia-Ukraine war, therefore from the increase in production costs but also from the community policies of the European Union, farmers at this time they find themselves in a problematic situation and are unable to manage production costs well and obtain satisfactory profits. In fact, in some European Union countries, including Italy, farmers are protesting and going on strike. (Euronews 2024.)

For these reasons, developing an export plan now could prove to be a strategic move to grow the product in a robust market such as the United States.

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Strength and weaknesses of direct competitors

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Competitors	Location	Wines	Prices	Strength	Weaknesses
Marchese Antinori	Tuscany	1) Chianti Classico Passignano 2) Super Tuscan Tignanello	From 150\$ to 300\$	1) Quality of the vineyard 2) Experience handed down through generations 3) Online visibility 4) High brand reputation	1) Little attention to environmental sustainability 2) Not advanced production technology 3) little attention to label design
Planeta	Sicily	Merlot Wines	\$125	1) Quality of the vineyard 2) attention to environmental sustainability 3) Online visibility	1) Not advanced production technology
Giuseppe Alzero	Veneto	Cabernet and Merlot Wines	From 125\$ to 500\$	1) Quality of the vineyard 2) Experience of the winemaking team	1) high prices compared to the average of premium Italian wines 2) Little attention to environmental sustainability 3) little attention to label design 4) Little online visibility 5) Not advanced production technology

Costs and Revenue estimation

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Producer	Costs	Revenue
Production average cost per unit premium wine	\$ 10.90	
Additional average cost after Ukraine-Russia trade war	35%	
Total production costs	\$ 14.72	
cost estimation marketing and promotion	10%-20% from the production costs	
cost estimation after marketing and promotion per unit	\$ 16.93	
Freight costs per unit	\$ 0.78	
Average duty cost per unit	\$ 1.54	
Cost commissions estimation of distributor/importer from the final price %	30%	
Cost commissions estimation of distributor/importer from the final price of producer (110\$) per unit	\$ 33.00	
Additional costs estimation per units for unforeseen events (marketing, promotion, transport costs, import costs, insurances and so forth.)	\$ 10.0	
Total costs per unit	\$ 62.25	
Total profit per unit		\$ 47.75
Total Unit target	2000	2000
Total costs	\$ 124,500.00	
Total Revenue		\$220,000.00
Net Profit \$		\$ 95,500.00
Net profit €		87,614.68 €

Main activities of the importers

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Company	Location	Activities
Italwine	Milan Italy - Miami Florida USA	<ol style="list-style-type: none"> 1) import activity 2) logistics service 3) research and identification of distributors 4) promotions (web marketing, promotional events) and sales
Italy Wines & Food Distributor	Doral Florida USA	Importing and distribution activities
DIVINITALY IMPORTS	Palm Beach Gardens, Florida and Florence, Italy	<ol style="list-style-type: none"> 1) import and logistics 2) search for distributors
Mediterraneo Italian Wine - Beer - Food Importer Distributor	Casselberry Florida USA	<ol style="list-style-type: none"> 1) importer and distributor 2) selection of wine products
Tuscany Wines Import	Fort Lauderdale, Florida USA	<ol style="list-style-type: none"> 1) importer and supplier 2) sales and marketing 3) gourmet license 4) partnerships with various distributors