Appendix

Exhibit 1. Puglia and Pestle analysis

This research will go through a PESTLE analysis in order to define the macroeconomic factors which influence the business of wine in Puglia. This concept can be used by companies and researchers as a tool to understand the environment they are operating in and to implement projects/service/product.

Political Factors

First of all, Puglia support wine producers. Policies financing the restoration of vineyards in case of natural disasters is an example of this. Moreover, the promotion and the lease of land for a small amount of money are incentives for the producers. At the same time, however, the government and every region created strict laws on alcohol consumption and driving. As a result, the government supports the export and promotion in other countries.

Economical Factors

In Italy, as in other European countries, the financial crisis reduced the growth of companies. After the crisis, companies began to grow and export increased again. Regarding winery, this development has been successful also due to the stable prices in the last 10 years. Another factor of growth is due to the development of the BRIC's countries in the years, which has been very helpful for the export. In Italy, as in Europe the cost of oil and of transportation has been rising in the years influencing export, followed by a high level of taxes.

Social Factors

Companies are often reluctant to make their business worldwide because they are afraid to invest in big product machinery or to invest in different new markets. In the previous years, an anti-alcohol campaign was developed, especially for problems of driving. Nevertheless, wine now has new way of consumption in Puglia and in Italy: happy hour aperitif and wine bar trends created a different, better vision of wine consumption. Consequently, Puglia has become more and more touristic in the last ten years, which resulted in the development of wine tourism where many winery companies provide accommodation, wine tour and guided visit to tourists.

Technological Factors

In the years, many innovative techniques of wine production and new technologies for saving energy during the manufacturing have been developed. These developments allowed the companies to guarantee better quality control in the productions. In the end, the digital world and the Internet play important roles thanks to E-commerce and Web communication.

Legal Factors

In the years, health and safety controls have been required by the government in order to guarantee the quality of the products on the market. The quality controls have also been addressed to the quality and provenience of the grapes, to have the standard required by law for the wine denomination IGP and DOP.

Environmental Factors

One positive environmental factor of Puglia is its favourable climate. However, global climate changes are also influencing the production and the techniques of wine. There had already been some seasons recently where production did not meet the expectations.

Exhibit 2. Production of single regions in Italy

The following Exhibit show the productions of the single regions in Italy from 2009 until 2013. It shows the difference of production in the years and the comparison with the national average. Moreover, the quantity of production in different parts of Italy (North, South and Centre) is represented to better show the area of production.

Produzione vino ESCLUSI MOSTI Italia 2014 - dati ISTAT

Hl/1000	2009	2010	2011	2012	2013	2014	vs. 2013	vs. media
PIEMONTE	2,858	3,006	2,683	2,366	2,580	2,490	-3%	-8%
VALLE DAOSTA	22	22	20	17	20	20	-1%	-2%
LOMBARDIA	1,277	1,349	1,313	1,222	1,301	1,323	2%	2%
LIGURIA	83	70	77	46	46	64	39%	-1%
TRENTINOALTOADIGE	1,254	1,161	1,113	1,210	1,362	1,006	-26%	-18%
VENETO	7,994	8,158	8,569	7,547	8,989	7,965	-11%	-3%
FRIULI-VENEZIAGIULIA	1,130	1,334	1,267	1,281	1,073	1,111	4%	-9%
EMILIA-ROMAGNA	6,453	6,149	5,803	5,643	6,717	6,326	-6%	3%
TOSCANA	2,772	2,854	2,495	2,098	2,657	2,576	-3%	0%
UMBRIA	987	875	860	637	706	687	-3%	-16%
MARCHE	782	927	741	918	1,039	758	-27%	-14%
LAZIO	1,512	1,259	1,205	1,365	1,552	1,265	-18%	-8%
ABRUZZO	2,596	2,946	2,213	2,365	2,649	2,349	-11%	-8%
MOLISE	319	271	255	319	319	281	-12%	-5%
CAMPANIA	1,830	1,869	1,726	1,542	1,644	1,166	-29%	-32%
PUGLIA	5,535	6,630	5,342	4,097	4,965	5,590	13%	5%
BASILICATA	144	125	113	189	178	145	-18%	-3%
CALABRIA	392	323	302	400	368	318	-14%	-11%
SICILIA	4,934	4,900	4,047	4,503	6,242	4,974	-20%	1%
SARDEGNA	550	475	486	503	638	622	-2%	17%
ITALIA	**43,424**	**44,703**	**40,632**	**38,265**	**45,044**	**41,034**	**-9%**	**-3%**
NORD	**21,071**	**21,248**	**20,846**	**19,331**	**22,087**	**20,303**	**-8%**	**-3%**
CENTRO	**6,053**	**5,915**	**5,301**	**5,017**	**5,954**	**5,285**	**-11%**	**-6%**
MEZZOGIORNO	**16,301**	**17,540**	**14,485**	**13,918**	**17,004**	**15,445**	**-9%**	**-3%**

Exhibit 3. Wine exports by Country

Wine Exports by Country

Countries | Advantages | Opportunities | Companies

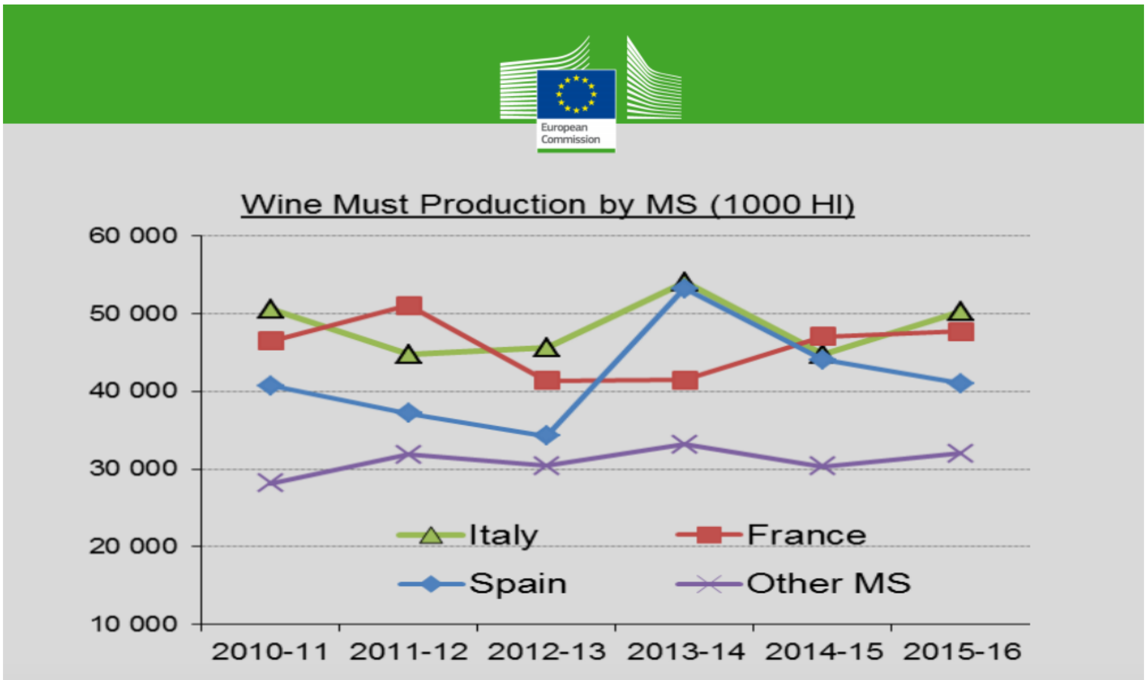
Below are the 15 countries that exported the highest dollar value worth of wine during 2014:

1. France: US$10.3 billion (29.6% of total wine exports)
2. Italy: $6.8 billion (19.6%)
3. Spain: $3.4 billion (9.8%)
4. Chile: $1.9 billion (5.4%)
5. Australia: $1.7 billion (4.8%)
6. United States: $1.5 billion (4.2%)
7. Germany: $1.3 billion (3.8%)
8. New Zealand: $1.1 billion (3.2%)
9. Portugal: $968.6 million (2.8%)
10. Argentina: $841.5 million (2.4%)
11. South Africa: $786 million (2.3%)
12. United Kingdom: $754.3 million (2.2%)
13. Singapore: $454.3 million (1.3%)
14. Hong Kong: $317.8 million (0.9%)
15. Netherlands: $301.4 million (0.9%)

Exhibit 4. Estimation of wine production in UE countries

	Campagne 2014-15	Moyenne 5 ans (AVG5)	Production totale [1] 2015-2016 1000 HL	Versus 2014/15	Versus AVG5	Jus de raisins Evaporation MC	ESTIMATIONS Production Vinifiée: Vins avec A.O.P.	Vins avec I.G.P.	Vins de cépage sans AOP/IGP	Autres Vins et moûts	Prod vinifiée
Bulgaria	833	1 250	1 538	+85%	+23%		20	515	234	769	1 538
Czech Republic	536	508	750	+40%	+48%		584	63	60	43	750
Germany	9 202	8 546	8 788	-5%	+3%		8 788				8 788
Greece	2 800	2 992	2 650	-5%	-11%		230	470	100	1 850	2 650
Spain	44 080	41 900	42 000	-5%	+0%	4 800	15 200	4 200	6 500	11 300	37 200
France	47 094	45 502	47 700	+1%	+5%		22 288	13 842		11 570	47 700
Croatia	842	1 367	943	+12%	-31%		499		46	397	943
Italy	44 739	47 946	50 369	+13%	+5%	1 500	16 127	13 683	489	18 570	48 869
Cyprus	94	102	91	-3%	-11%		1	34	5	51	91
Luxembourg	125	111	120	-4%	+8%		120				120
Hungary	2 773	2 354	2 500	-10%	+6%		1 503	902	67	27	2 500
Austria	1 999	2 208	2 501	+25%	+13%	1	2 300	50	30	120	2 500
Portugal	6 202	6 298	6 703	+8%	+6%		3 250	1 902	52	1 499	6 703
Romania	3 842	4 038	4 069	+6%	+1%		529	326		3 215	4 069
Slovenia	708	761	857	+21%	+13%		643	171	17	26	857
Slovakia	286	306	360	+26%	+18%		290	20	40	10	360
U.K.	47	34	40	-15%	+17%					40	40
other MS	31	30	43 [4]	+40%	+43%					43	43
	166 232	166 253	172 100	3,5%	+3,5%	6 301	72 373 / 168 666	36 178	7 600	49 500	165 700

Source: Member state communication following Art. 19 §1a,b of Regulation (EU) 2009/436, elaborated by DG AGRI C2



Worldwide production

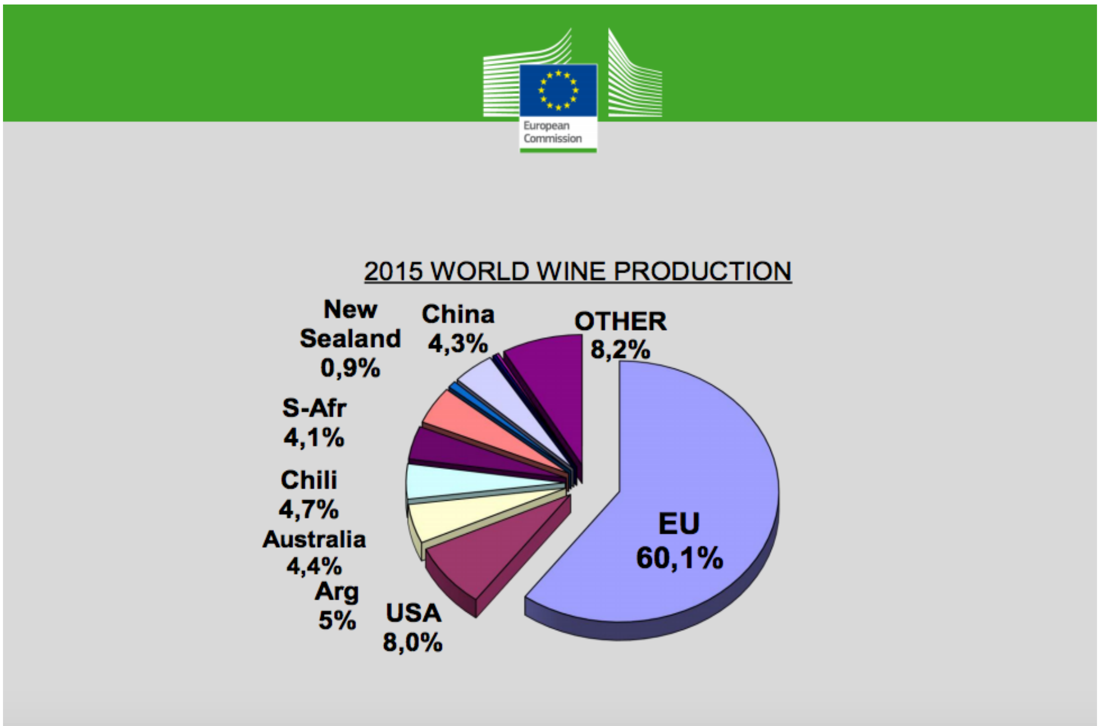


Exhibit 5. Destination of Italian export

The exhibit below shows the destination of Italian wine export divided per Volume (hl) and per Value (€ millions). It is remarkable how few export Volume and Value is traded into the Chinese market.

Top 20 Destinations for Italian Wine Exports, 2014

Rank	Country	Volume (hl)	Case equivalents	Country	Value (€ millions)
1	Germany	5,873,400	65,260,000	**United States**	**1,110.1**
2	United Kingdom	3,014,600	33,495,000	Germany	971.6
3	**United States**	**2,927,800**	**32,531,000**	United Kingdom	655.7
4	France	839,300	9,325,000	Switzerland	318.2
5	Switzerland	703,200	7,814,000	Canada	275.8
6	Canada	683,700	7,596,000	Japan	151.7
7	Austria	506,100	5,624,000	Sweden	143.3
8	Sweden	485,300	5,392,000	Denmark	140.8
9	Netherlands	440,400	4,893,000	France	129.4
10	Japan	428,200	4,758,000	Netherlands	120.5
11	Denmark	415,700	4,619,000	Russia	102.5
12	Russia	408,700	4,541,000	Belgium	100.4
13	Hungary	389,300	4,325,000	Austria	97.7
14	Belgium	299,600	3,329,000	Norway	96.0
15	Czech Republic	295,100	3,279,000	China	74.5
16	Norway	257,300	2,859,000	Spain	40.3
17	China	252,100	2,801,000	Australia	37.7
18	Spain	232,200	2,580,000	Poland	37.4
19	Poland	149,500	1,661,000	Czech Republic	32.3
20	Ireland	123,400	1,371,000	Ireland	30.0
	Other countries	*1,585,600*	*17,618,000*	*Other countries*	*421.9*
	World	**20,333,600**	**225,929,000**	**World**	**5,078.2**

Exhibit 6. Pie chart of export Italian regions in 2015

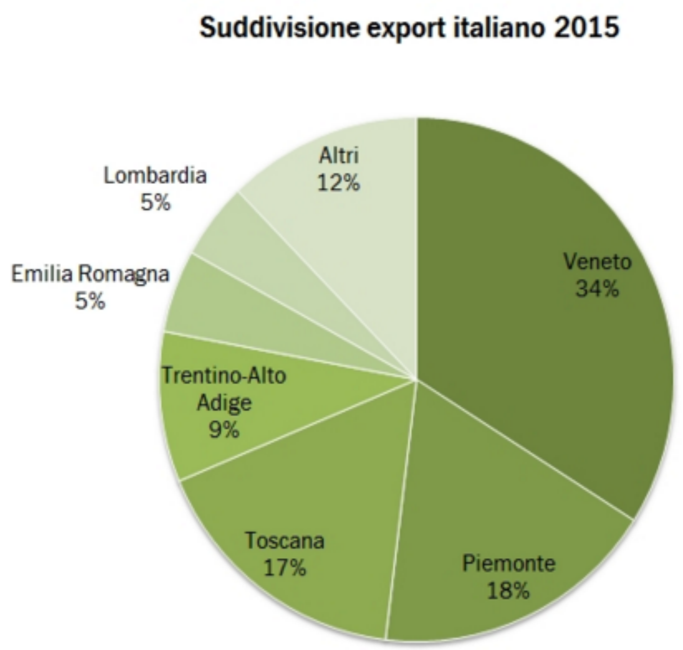


Exhibit 7. EU SME Distributor

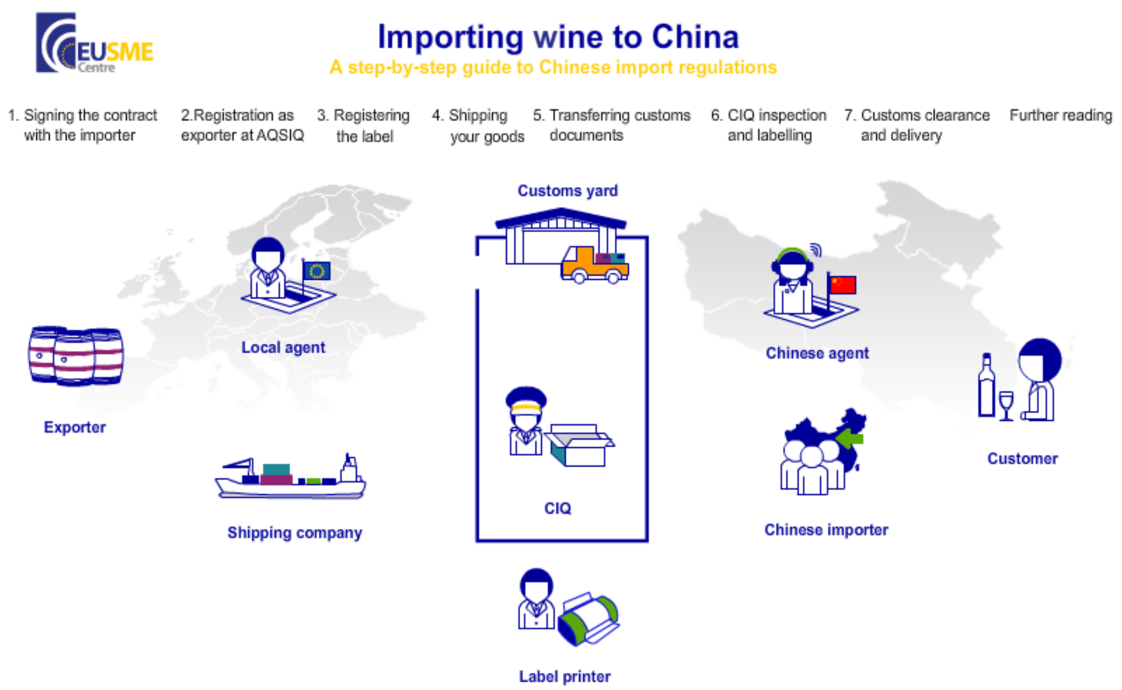


Exhibit 8 French Cooperatives

Some of the French wine cooperatives are big players in the French wine world. Which is not surprising. Nearly half of all French wine comes from cooperatives. The biggest is Val d'Orbieu in the Languedoc with 2500 members and a production of one million hectolitres annually.

Here is an updated list of France's largest cooperatives:

- Val d'Orbieu, Languedoc-Roussillon
- Champagne Nicolas Feuillatte (Epernay)
- Alliance Champagne (brand: Champagne Jacquart)
- Union des Vignerons, Des Côtes du Rhône (brand: Cellier des Dauphins)
- Producteurs Plaimont, South West
- Vignerons Catalans, Perpignan, Languedoc-Roussillon
- Union Foncalieu, Languedoc-Roussillon
- Coopérative Générale des Vignerons, Champagne (brand: Champagne Collet)
- Coopérative Régionale des Vins de Champagne (brand: Champagne Castelnau)

In the map of French below, it is represented the %of volume produced in France

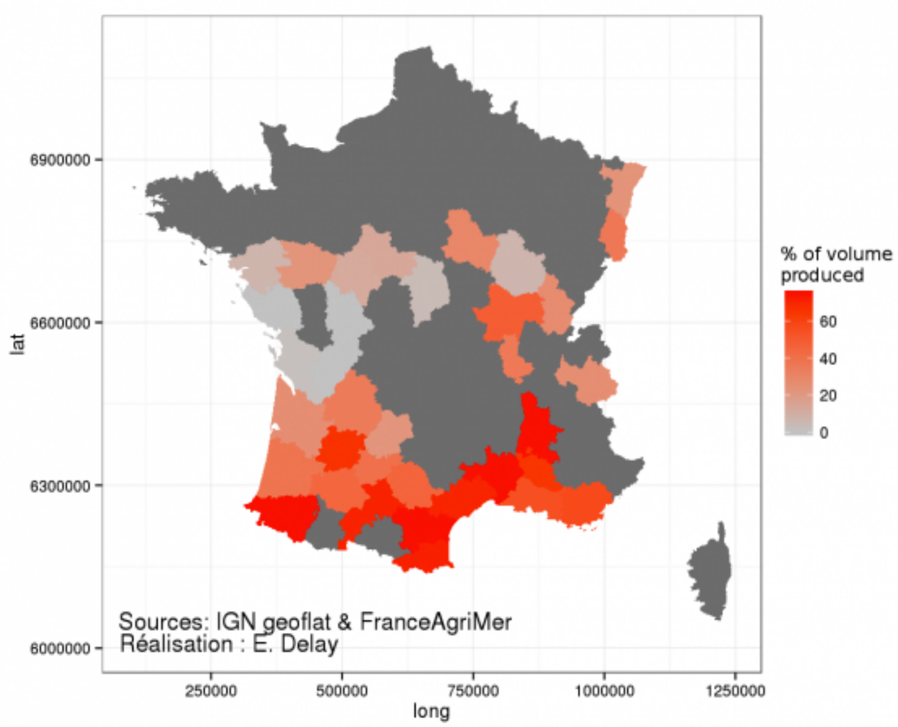


Exhibit 9. Carrefour in China

Carrefour has become in the years the biggest foreign retailer in China. In fact, only in 15 it planned to open other 15 new hypermarkets in China. Carrefour is expanding in the market also with Online retail and with stores called Easy Carrefour.

Exhibit 10. 7 reasons why ecommerce is booming

1. Chinese Internet Penetration rate
2. Popularity of shopping online
3. The growth of smartphone and mobile commerce
4. Chinese rural customers
5. The growth of a new Middle-Class
6. Increase speed of delivery
7. Ease of purchasing products from all around the world

Exhibit 11. Requirements and certificate

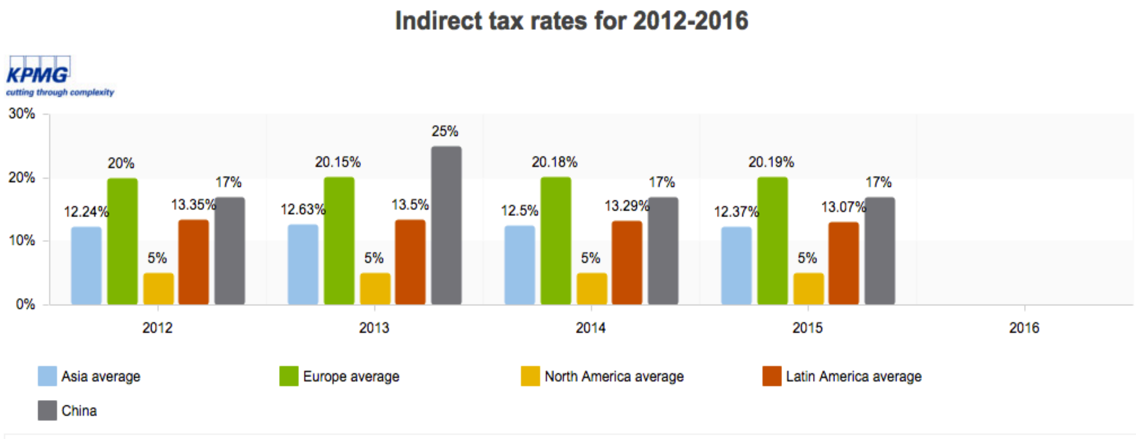
Here there are all the requirements and certificate that must be provide when importing in the Chinese territory:

- Standard name of foodstuffs
- -List of ingredients
- -Quantitative labelling of ingredients (percentage of ingredients)
- -Net weight and configuration
- -Name, address and contact information of manufacturer and local agent or distributor
- -Production date, use by date in YY/MM/DD format and guidance for storing
- -Generic name of the food additives as per the national standard
- -Quality grade
- -Food production licence number45
- -Code of the product standard
- -Special contents if there are any (e.g. irradiated food, genetically modified, nutrition list for baby food or diet food)

Exhibit 12. Shanghai economic situation

Corporate taxation

The following table form KPMG illustrates the Indirect Tax rates in the years 2012, 2013, 2014 and 2015 of Europe, Asia, North America, Latin America compared with China.



In the graph below is shown an overall of Shanghai as Population, land, GDP, Inflation.

Deutsche Bank Research

Province: Shanghai

Mar 2016

Basic facts

Capital	Shanghai
Land area, km ^{2}	6,300

	Date	Value
Nom. GDP, RMB bn	2015	2,496.5
GDP per capita, RMB	2014	103,363
Population, m	2015	24.2
Real GDP, % yoy	2015	6.9
Inflation, % yoy	Dec 15	2.3

Sources for all data: CEIC, China Statistical Yearbooks

This graph compares the GDP of Shanghai with the average GDP of China and it helps to demonstrate why the research is focused on Shanghai and what is the potential of this city.

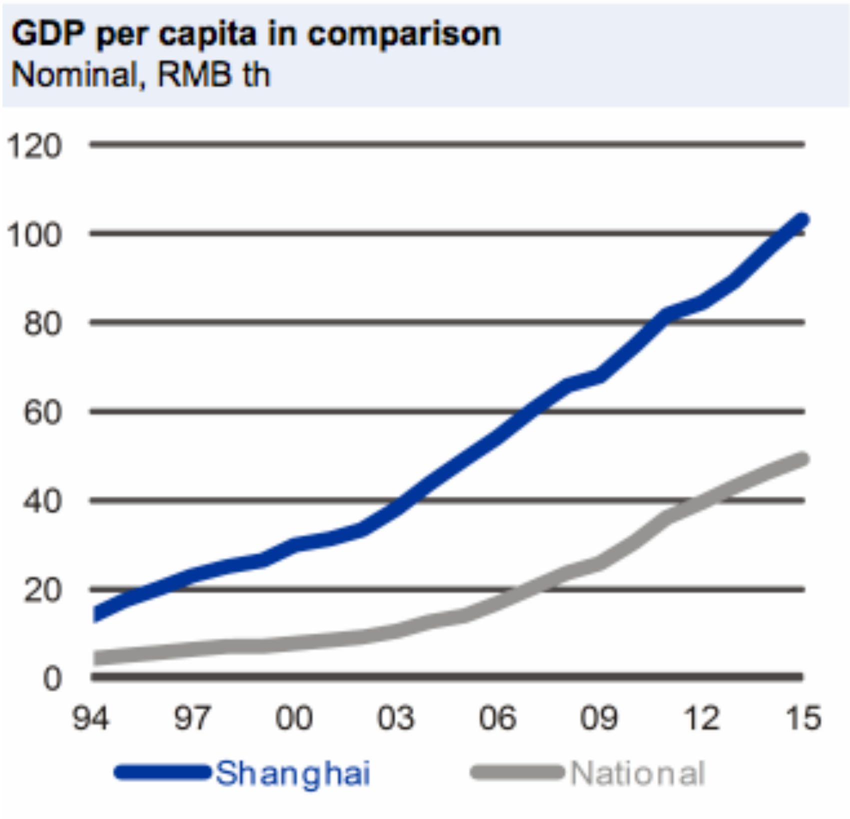


Exhibit 13. Potential of second and third tier cities

There is no a proper definition to explain Tier cities but it is commonly agreed that the top tier incorporates Shanghai and Beijing. They are classified in base of: Population, Income, Competitiveness, Advanced transportation System, GDP.

Second-tier cities include capital cities of each province or coastal cities like Tianjin, Chongqing, Chengdu, Wuhan, Xiamen. Third-tier cities are usually medium-sized cities of each province.

There is the potential growth of these cities and its population's income which can be translated as future potential market.

The following table indicates some of the opportunities in urban centres by region:

Opportunities in the Food & Beverage Sector in Selected Urban Centres			
Region	**Tier**	**City**	**Comment**
East	2nd	Hangzhou & Suzhou	Among the key and richest cities in China, these retail markets are well developed, with the presence of both international retailers and boutique stores.
East	2nd	Nanjing	Consumption of imported food products has increased substantially. Major retailers (such as Metro, Walmart and Carrefour) indicate that the higher the percentage of imported food items in their stores, the better their sales.
East	2nd	Wenzhou	One of the richest cities in China, but its foreign import market is still relatively underdeveloped.
East	2nd	Wuhan	Mid-range prospect and a reasonably developed retail sector. Great range of imported products in high-end retail stores, such as Wushang.
North	2nd 2nd 2nd 3rd	Tianjin Qingdao Yantai Weihai	The Binhai New Area is an increasingly profitable location to sell imported products to the large number of white-collar workers employed by multinational companies and expatriates. Compared with customers in inland cities, Qingdao consumers are more receptive to new food products and flavours.
North	2nd	Zhengzhou	Due to its geographical location and large population, the retail sector has developed rapidly. The majority of the imported food products are from Korea and Southeast Asia.
North	2nd	Shijiazhuang	Shijiazhuang is a challenging market area for international retailers because of its mature and well-managed local retail outlets, which have prime locations and consumer loyalty. However, it is easy to source Western food products in this city.

	2nd 3rd	Tangshan Qinhuangdao	There is a small range of foreign food imports in these cities, which are chiefly limited to sweet biscuits and snack food from Korea and Southeast Asia. International retailers, such as Carrefour and Tesco, have been present since 2010.
Northeast	2nd	Shenyang	The fourth-largest city in the country with a population of 8.1 million. Its retail sales have been growing rapidly, increasing by 10% per year over the last few years. International retailers have a presence in the major residential areas and high-end supermarkets. Olé and Yoo Hoo stock over 60% of their stores with imported products.
	2nd	Dalian	Dalian is the major city and seaport in Liaoning Province. The retail sector is well developed: Tesco, Carrefour and Walmart all have a presence there and the local retailer, Dashang Group, is the largest retailer in northeast China.
	2nd	Changchun	Changchun is the largest city in Jilin Province and the centre for China's automotive industry. Competition is fierce in Changchun, and Tesco and Carrefour have closed some of their stores in this area over the last few years. A small range of imported food products is available in supermarkets within major shopping centres.
	2nd	Harbin	Leading international retailers operating retail stores in the city, and supermarkets in major shopping centres carry approximately 20% imported food in their stores.
	2nd	Xi'an	Major retail players in China are keenly aware of the market opportunities in Xi'an and are rushing to open high-end stores in the market. CRV opened its first Xi'an Olé store in 2012. However, logistics remain a barrier to growth.

South	 2nd 2nd 3rd 3rd 3rd 3rd 3rd	Pearl River Delta: Dongguan Foshan Zhuhai Zhongshan Huiyang Zhanjian Shantou	Guangdong has the highest GDP of any province in China and has ranked first in per capita annual food consumption expenditure for five consecutive years. South China continues to have a dynamic processed food consumption market with huge growth potential. Guangdong continues to be a pioneer in retail development. In the past five years, rivalry with an anchor tenant status in new shopping malls. To avoid high rental fees and operation costs in first-tier cities, many retailers have already aggressively opened up outlets in other cities in the Pearl River Delta, including Foshan, Zhuhai, Zhongshan and Huiyang.
	2nd	Changsha	Changsha is a dynamic consumption market with the presence of both multinational retailers and many established local players. Locals prefer hot, spicy, sour and heavy flavours in their food, but increasing consumer awareness of healthy lifestyles is fuelling a growing demand for high-quality imported food.

			Popular imported foods in this city include biscuits, chocolate, olive oil, wine, cheese and fresh milk. Local consumers have larger disposable incomes and are aware of safety concerns associated with domestic F&B items since many aspire to live healthy lifestyles. Consumer demand for high-quality imported F&B items are on the rise, especially imported fruits, dairy products and snack foods.
	2nd	Fuzhou	Fuzhou is one of the key markets for imported foods, as many residents have relatives living abroad and are more open to Western lifestyles. Fuzhou and Xiamen are two leading markets in the retail food sector as well as for imported food distribution. Fuzhou, the capital city of Fujian Province, has a population of over 6.6 million. In 2014, Fuzhou's GDP per capita was EUR 2,050 (CNY 14,287).[66]
	2nd	Xiamen	Xiamen is gaining competitiveness. Select groups are willing to pay a 10-20% premium to try imported products, but those products are chiefly limited to fresh fruit, Thai rice and Italian olive oil. Imported alcoholic beverages and selected snack foods have good potential in this market.
	2nd	Nanning	High volume liquidity in Nanning has driven greater demand. The Hunan-Guangxi railway to Vietnam makes the city the regional headquarters for trade with southeast Asian countries. Nanning is in the centre of south and west China and serves as an important trade, logistics and distribution hub. It has recently attracted significant foreign and domestic investment since the signing of China's free trade agreement with the ASEAN countries.[67]
	3rd	Guilin	Tourism has accelerated opportunities in Guilin. Japanese retailer Niki Niko Do is currently the market leader in this city, and its stores stock a whole range of imported Western food.
Southwest	1st 2nd	Chengdu Chongqing	Chengdu was considered as the most dynamic city in China by *Fortune* magazine. As an emerging city market in China's heartland, Chengdu is a prime target for EU food and beverage exports. It is the wealthiest and most advanced city in southwest China. In 2014, the GDP in Sichuan Province was EUR 410 billion (CNY 2.85 trillion). Chengdu's GDP in 2014 was EUR 114 billion, accounting for 35% of Sichuan Province's GDP.[68] Chengdu residents are very open-minded and like to try new foods. They are willing to pay a premium for quality, reliable and safe food products.[69]

Exhibit 14. Distributor

"An entity that buys noncompeting products or product lines, warehouses them, and resells them to retailers or direct to the end users or customers. Most distributors provide strong manpower and cash support to the supplier or manufacturer's promotional efforts. They usually also provide a range of services (such as product information, estimates, technical support, after-sales services, credit) to their customers" (Business Dictionary, s.d.)

Differences between Agents and Distributors:

1. Ownership of goods

Agents: Agents have a representative role of supplying in another country. They do not have the ownership of the goods.

Distributors: Distributors buy the good and resell to the retailer or consumer. They organize support and other services.

2. Revenue model

Agents: He is paid by commission on the sales by the importer.

Distributors: Distributors add a margin to the product, with this margin they have to cover the costs.

3. In-market operations

Agents: Customers' orders come to the exporter through the agent, but they will then deliver, invoice and collect payments directly from the customers.

Distributors: Distributors take care of inventory.

4. Product sales and risk of cannibalization

Agents: Agents usually have smaller product ranges

Distributors: Distributors represent and sell multiple products

Exhibit 15. List of Specialized Wine distributor

ASC Fine Wines Shanghai

Shanghai Tel: +86 21 60561999

http://www.asc-wines.com/contactus

Aussino Beijing Room

1106, 11F, 1 Tower, Kunsha Centre Building

No. 16 Xinyuanli Road, Chaoyang District, Beijing Tel: +86 10 6461 2072

Fax: +86 10 6461 2075 Email: bjo@aussino.net

http://www.aussino.net/aboutus_en/ContactUs.asp

Summergate

Suite 802, 8th Floor Pacific Century Plaza

2A Gongti North Road, Chaoyang District, Beijing

info@summergate.com

http://www.summergate.com

FWP

Room 802, Unit 5, Haiyuncang, Dongcheng District, Beijing Tel: +86 10 8407 5067 Fax: +86 10 8407 2004 http://www.fwp-wines.com/yingwen/gongsijianjie.asp

MPC

Store: 20 Xidawang Lu, store 9, Beijing Office: Room 523, Building 98, 20 Xidawang Road, Beijing Show Room: Bogong Tower B, 3 Chaoyangmenwai Street, Beijing

Email: mpc@mpc2008.com http://www.winespain58.com/contact_en.asp

Jointek

A7 Sanlitun Road, Chaoyang District, Beijing

Tel: +86 10 6463 5366 Fax: +86 10 6460 7009

http://www.jointekfinewines.com.hk/en/aboutus.php?id=1

Jebsen & Co. (China) Ltd.

10/F, Tower 2, Henderson Centre, 18 Jianguomennei Avenue, Beijing

http://www.jebsen.com/

DT ASIA - BALLANDE GROUP International Wine Producer & Shipper

Room 210, Dong Yi Building, No.88 Chang Shu Road, Shanghai Tel: +86 21 6249 4300

http://www.dtasia-wines.com

Exhibit 16. Weak- Strength Graph

The Weak-Strength graph illustrates the point of Weakness and Strength of the producer companies from Puglia. It facilities to understand why create cooperative can improve some features which the companies can not reach alone. The number 5 indicates the potential that these companies have for example, quality of wine is course a point of strength and it necessary to maintain it. Number 1 indicates a weak characteristic. Other points, Internationalization and availability of resources for example, are point of weakness and they can only be improved with the cooperation with other players. This guarantees to obtain more resources and and have more power to invest in a focused goal.

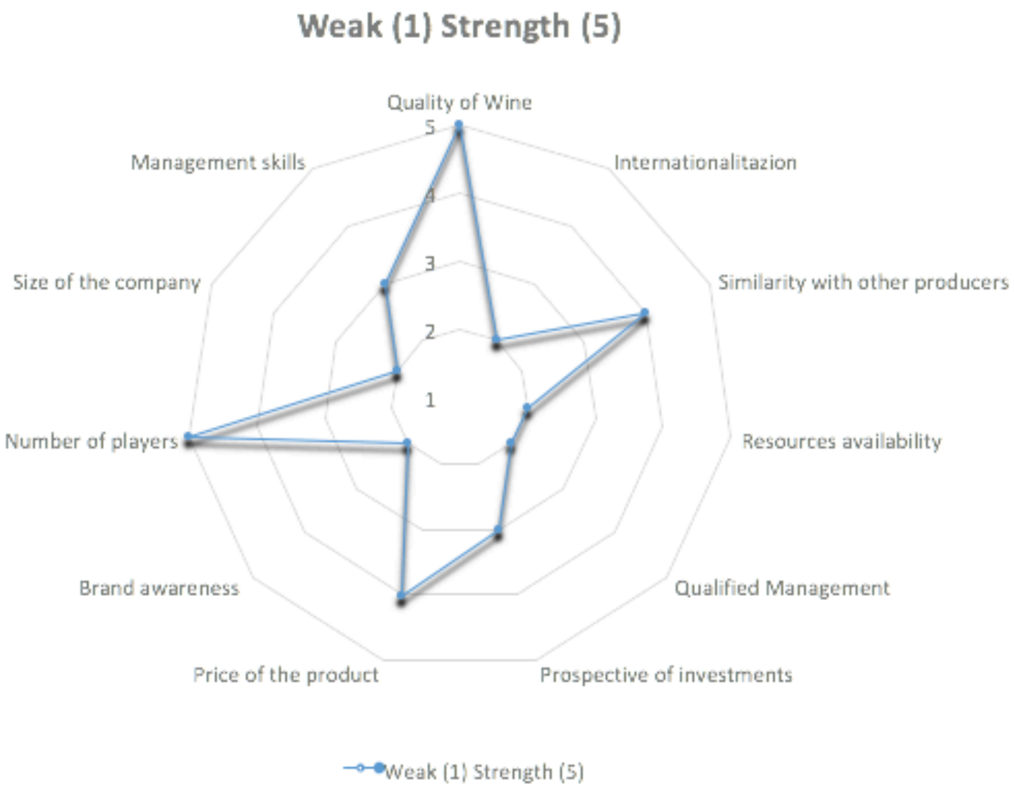


Exhibit 17. Ecommerce and Alibaba

E-commerce in China is literally Booming. Alibaba is the biggest Chinese platform which provides consumer-to-consumer, business-to-business and business-to-consumers sales service via portal agent. buyers and suppliers, it is only a business platform. At the opposite of Amazon, which buys good and sell to the buyers, Alibaba just facilitates the transaction. Alibaba generates revenue primarily from the following offerings: online marketing services where vendors pay Alibaba marketing fees to obtain user traffic; commissions based on GMV (Gross Merchandise Volume) for transactions settled through Alipay; and membership fees and value added services.

Exhibit 18. Modes of entry

Type of Entry	Advantages	Disadvantages
Exporting	- Minimizes risk and investment; - High speed of entry; - Maximizes scale and uses existing facilities	- Low control, - Low access to local information - High transport costs - Trade barriers and tariffs add to costs.
Licensing and Franchising	- Minimizes risk and investment - Able to avoid trade barriers - High return on investment	- Lack of control over use of assets; - Licensee may become competitor - Diffusion of know-how - License period is limited
Partnering and Strategic Alliance	- Sharing the financial risk - Create synergy and competitive advantage - Faster access to target markets	- Unequal benefits between the partners; - Decrease of control degree - Integration problems between two corporate cultures
Acquisition	- Acquisition of resources and competences - Increase of market power - Overcome entry barrier	- High investment required; - Unrelated diversification; - Integration problems
Greenfield Venture	- Deeper knowledge of local market; - Better use of specialized skills; - Reduce the diffusion of know-how knowledge.	- Increase risk - Requires more resources and commitment; - May be difficult to manage the local resources.

Exhibit 19. Values of Price (Marketing mix)

In order to understand how much a good Italian wine costs, produced by a famous brand, I interviewed one the manager of development area of *Eataly* because the buy directly form the producer. *Eataly* is the largest Italian marketplace in the world, located in Brazil, New York, Japan, South Korea to cite some examples.

After the interview, a range of price, for Eataly from the producer, of a good Italian wine is between 37-45€. It is not comparable with these wine, because they have already a brand awareness and the year of production is a special year of good production, for example 1995. The research considers a good Wine from Puglia and old 2-3 years has a range price of 20-25 if bought from the producer. The cooperative will start produce but it will be able to start the export in 3 years, at least, it means ours is comparable with the others of good quality from Puglia.

The table below shows how the price increase, considering mark up and costs.

Cost of wine	20 €
+ Import duties	50%
= Net Value in China	30 €
+ Transport	12 €
+ Destination Charges	5 €
+ Repacking	5 €
+ Custom Fees	2,5 €
+ Delivery	2,5 €
= Value included all costs	57 €
+ Importer mark up	20%
= Price to sell to end consumer	68 €
+ Mark up end consumer	150-200%
= **Final Price**	**175 €**

All the costs have been considered the cheapest Transport, mark up, bottle produced.

The table below will illustrate the Transport, Destination Charges, Repacking, Custom Fees and Delivery Costs from the report of **Fortune International Transport**.

(http://www.fortuneitaly.it/site/doc/ALLEGATO_UNO.pdf)

Da FRANCO NOSTRO MAGAZZINO MILANO a C&F PORT/AIRPORT (HONG KONG/SHANGHAI)

Quantitativo			**LCL (via mare)**	**LCL (termal)**	**LCL (reefer)**	**via aerea**
Pallet	*Cartoni*	*Bottiglie*	*Euro*	*Euro*	*Euro*	*Euro*
	da 1 a 3	da 1 a 12	(non conviene)	(non conviene)	(non conviene)	400
	4	24	(non conviene)	(non conviene)	(non conviene)	500
	5	30	(non conviene)	(non conviene)	(non conviene)	600
	da 6 a 9	da 36 a 54	(non conviene)	(non conviene)	(non conviene)	700
	10	60	700	1000	(solo FCL)	1000
1	80	480	918	1218	(solo FCL)	3360
2	160	960	1441	1741	(solo FCL)	6240
3	240	1920	2082	2482	(solo FCL)	10560
4	320	2560	2722	3222	(solo FCL)	12800
5	400	3200	3363	3963	(solo FCL)	15360
			FCL (via mare)	**FCL (termal)**	**FCL (reefer)**	
6	480	3840	3500	4000	5800	17280
10	800	4800	3500	4000	5800	19200

Da C&F PORT/AIRPORT (HONG KONG/SHANGHAI) a DOOR city limits

Quantitativo			**Dest. Charges**	**Repacking**	**Custom fees**	**Delivery**
Pallet	*Cartoni*	*Bottiglie*	*Euro*	*Euro*	*Euro*	*Euro*
	da 1 a 3	da 1 a 12	200	200	150	100
	4	24	200	200	150	100
	5	30	200	200	150	100
	da 6 a 9	da 36 a 54	200	200	150	100
	10	60	300	300	150	100
1	80	480	400	362	150	104
2	160	960	500	724	150	208
3	240	1920	600	1398	150	312
4	320	2560	700	1864	150	416
5	400	3200	800	2330	150	520
6	480	3840	900	2796	150	624
10	800	4800	1000	3620	150	1040

Restano a parte le TASSE DOGANALI di importazione (mentre su Hong Kong non c'è Dazio, in Cina - quindi per invii su Shanghai - ci sono tasse che si aggirano intorno al 50 per cento del valore della merce)

In the last sentence states that the import and custom fees and duties in Shanghai are of 50%.

Exhibit 20. Most important Fairs and costs

Top Ten International Wine Trade Shows

1. Vinitaly. Location Verona, Italy (min price: 5000 €; max price: 10000 €)
2. Prowein. Location: Dusseldorf, Germany (min price: 174 € m2; max price: 229 € m2)
3. The London Wine Fair. Location: UK. (min price: 340€ m2; max price 2100 € m2)
4. Vinexpo. Location: Bordeaux, France.
5. Usa Trade Testing. Location: New York, US. (min price 500 €; max price 2000 €)
6. The Hong Kong Wine and Spirits Fair (min price:400€ m2; max price 5400€ 9 m2)
7. WinExpo. Shanghai, China. (min price 400 € m2; max price 4000€ per stand)

8. The China International Wine and Spirits Exhibition. Location: Guangzhou, China. (min price 420 €; max price: 5000€ per stand)

9. Wine and Gourmet Japan. Location: Tokyo, Japan

Fairs (single person cost to participate at the 3 fairs)

	Travel to Verona	Travel to Hong Kong	Travel to Shanghai
Flight	700 €	80 €	700 €
Transport	80 €	50 €	50 €
Accommodation	480 €	80 €	40 €
Other expenses	40 €	70 €	30 €
Total	1300 €	280 €	820 €

The table includes the price of Flight, Transport, Hotel to participate at the three main fairs the cooperative would be interested.

Exhibit 21. Financial Prevision

Sales= Price to the importer*numbers of bottle

Price to the importer= 20€ (explained in the research why 20€, according to the interview to Eataly Manager)

Other revenues: Subsidies from Region, Government, EU. (Can be various and depend on political situation, I considered one of the lowest to have more real reflection on my analysis)

COGS: Cost of Grapes, producing, bottling.

Personnel: Italian Office, Representative in Shanghai

Depreciation: 10% average value of depreciation of manufacture of wine

Other Expenses: Administrative and General

Marketing and Fairs: Buy stand in the fair, transport, hotel, other expenses, Online and Website

The research analysis will be based on which percentage of market share we want to reach in Shanghai. First of all, Shanghai has 24 million inhabitants. The consumption of wine per capita is 0,8 L per year. (Logistic). It means the total consumption is 19,2 million of bottles per year. As our product is high-level products, a niche product, we decide to target the 10% of the population, who can really afford it. It means that our potential clients consume: 1,92 million of bottles.

Out of this 1,92 million potential litres, our optimistic goal is to reach sales of 0,5% which correspond to the sales of 9.600 bottles in the Optimistic Scenario year 2019.

Pessimistic Scenario

	2016	2017	2018	2019
Revenues				
Sales	120.000,00 €	130.000,00 €	136.000,00 €	150.000,00 €
Other Revenues	12.000,00 €	12.000,00 €	12.000,00 €	12.000,00 €
Cost				
COGS	48.000,00 €	52.000,00 €	54.400,00 €	60.000,00 €
Personell	66.000,00 €	66.000,00 €	66.000,00 €	66.000,00 €
Depreciation	10.000,00 €	10.000,00 €	10.000,00 €	10.000,00 €
Other expenses	7.500,00 €	7.500,00 €	7.500,00 €	7.500,00 €
Marketing and Fairs	22.800,00 €	22.800,00 €	22.800,00 €	22.800,00 €
Operatin Profit	-22.300,00 €	-16.300,00 €	-12.700,00 €	-4.300,00 €

Normal Scenario

	2016	2017	2018	2019
Revenues				
Sales	156.000,00 €	160.000,00 €	166.000,00 €	176.000,00 €
Other Revenues	12.000,00 €	12.000,00 €	12.000,00 €	12.000,00 €
Cost				
COGS	62.400,00 €	64.000,00 €	66.400,00 €	70.400,00 €
Personell	66.000,00 €	66.000,00 €	66.000,00 €	66.000,00 €
Depreciation	10.000,00 €	10.000,00 €	10.000,00 €	10.000,00 €
Other expenses	7.500,00 €	7.500,00 €	7.500,00 €	7.500,00 €
Marketing and Fairs	22.800,00 €	22.800,00 €	22.800,00 €	22.800,00 €
Operatin Profit	-700,00 €	1.700,00 €	5.300,00 €	11.300,00 €

Optimistic Scenario

	2016	2017	2018	2019
Revenues				
Sales	160.000,00 €	180.000,00 €	188.000,00 €	192.000,00 €
Other Revenues	12.000,00 €	12.000,00 €	12.000,00 €	12.000,00 €
Cost				
COGS	64.000,00 €	72.000,00 €	75.200,00 €	76.800,00 €
Personell	66.000,00 €	66.000,00 €	66.000,00 €	66.000,00 €
Depreciation	10.000,00 €	10.000,00 €	10.000,00 €	10.000,00 €
Other expenses	7.500,00 €	7.500,00 €	7.500,00 €	7.500,00 €
Marketing and Fairs	22.800,00 €	22.800,00 €	22.800,00 €	22.800,00 €
Operatin Profit	1.700,00 €	13.700,00 €	18.500,00 €	20.900,00 €

The graph compares the three scenarios. It is illustrated their Operation Profit on the Y axes in the years (X Axes)