



SECTORAL STUDY

Greek wines and Distillates

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«Recharging Greek Youth to Revitalize the Agriculture
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Final Report

Sectoral study 6

Greek wines and Distillates



Athens, December 2015

*Wine comforts the sad
Revives old men
Inspires young people
Makes the weary let go of his toil
Lord Byron*

«New agriculture for a new generation - Recharging Greek Youth to Revitalize the Agriculture and Food Sector of the Greek Economy»

Sectoral Study 6

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Executive Summary

Wine has been an important part of Greek culture for over 4000 years. The influence of ancient Greece on wine production is significant, not only on today's Greek wine industry but to the development of almost all European wine regions and the global history of wine itself. Ancient Greeks pioneered new methods of viticulture and wine production that shared this knowledge with early winemaking communities (France, Italy, etc.). Today, some of the varieties planted all over the country are ancient varieties such as athyri, kakotrigis, mandilaria, mouchtaro, krasero, lemnio, malagouzia etc.

According to the National Classification of Economic Activities, the wine production sector is part of the general branch of the Distillery industry. The role of wine sector is quite important for the development of the Greek rural economy. There are around 65,796 Ha of land for cultivation of wine grapes, based on the production rates of 2013 and 2014 (KEOSOE)¹.

It was in the 60's, when big companies seriously invested in the winery industry and, therefore, generate bottled wine production. Ever since, the wine sector has been growing modern, and gradually developing until today.

The contemporary portrait of domestic wine industry is composed by a small amount of sizeable wine businesses, which control a considerable proportion of bottled wines' domestic market, covering the whole country via extensive distribution networks, as they afford modern facilities and powerful brands. Furthermore, a large number of micro - medium wine businesses, with respectable presence in the bottling market, offer significant contribution to this portrait, having established products of high quality and of particular varieties, whose distribution is carried out, mostly, by importing companies who are specialists in the field. Finally, agricultural co-operations and co-operative associations are included, as they hold a notable share, operating on the fruit processing and wine making, while, in some cases, providing some wineries with bulk wine for consumption.

Wine market is characterized as 'cold' relating to dining and entertainment, and 'warm' regarding mainly domestic consumption, where the customer, who is the final consumer, uses liquor stores and supermarkets as provision spots (40% - 50% of total market share).

Wine trade terms are differentiated and configured in relation to the size of the business, the product, the quantity of order, the local market's environment and, generally, the agreement between the contracting parties. Discounts, usually, reach the level of 40% in super markets but wholesalers do not get more than 25% - 30%, plus the fact that discount is proportional to quantity ordered. This leads to the fact that price formulation of bottled wine is in the hands of the final consumer.

¹ KEOSOE: Central Union of Wine Co-operatives of Greece

As far as variable cultivations in our country are concerned, vines for wines occupy 45% of vineyards, whereas table grape varieties and raisin are cultivated on the remaining land. The average cultivation land in Greece is 0.5 Ha for Wine Appellation of Origin of Superior Quality and Wine Appellation of Origin Controlled (cited above), while the average cultivation land for Europe is 1.1 – 7 Ha. For table varieties there should be 0.4 Ha for Greece and 0.7 – 5.3 Ha for E.U. In comparison to the world wine market, land is estimated to be 75, 7 thousand Ha for 2014, where E.U. holds 42% with a percentage reduction of 12, 7% from 2003 until 2014. There has been a relative stabilization of land, fact that balances total world loss, based on which Spain is in the first ranking position, followed by China and France holding shares over 10, 5% each. In the meantime, Greece is in the 13th ranking position holding 1,5%. Regarding wine producing, France is top producing country for 2014; next is Italy and Spain in the 2nd and 3rd ranking position respectively.

The average of annual wine production undergoes a cut down of 20.17%, as it developed in 2,992 thousand HL, against the corresponding average of 3,748 thousand HL of the previous five years period. National wine consumption developed averagely in 3,005 thousand HL during the last five years, while it was 3.202 thousand HL during the five years period before that. White wine owns the largest share proportion engaging 68%-70%, including retsina wine, whose share is estimated to be of 8%-10% in market total. Red and rose wines cover 30%-32%. There are more than 700 small, medium and large wineries in the country.

Concerning the field of spirits, for 2014, there were 218 legally beverage industries that bottle spirits. The total production was 1,756 thousand HL of dehydrated ethyl alcohol. Approx. 1.1 thousand HL was the production of ouzo (the Greek spirit that is produced from agricultural alcohol flavored with anise and others seeds). 0.07 thousand HL liquors, 0.47 thousand HL other spirits (among them the famous international brand “Metaxa” and only 0.12 thousand HL was the production of tsipouro (the Greek distillate that is produced from the marc of the grapes).

About the consumption in the domestic market, the share is approx. 56.5% for ouzo, 15.5% for tsipouro, 4% for liquors and 24% for the other spirits. According to the research of the Foundation for Economic and Industrial Research (I.O.B.E.), the volume of all spirits sales (domestic and imported) stood in 2012 at 49.7 million bottles, down approximately 44% compared to sales in 2008 (94.7 million bottles). This decline is due to the economic crisis that hit the consumption of alcoholic beverages, and the very large increase on alcohol taxes. The reduction was not uniform between different categories of alcoholic and beyond alcoholic beverages. Alcoholic drinks (mainly imported) and ouzo showed the period 2008-2012 important decrease of -46% and -38% respectively, beer and wine more clearly recorded mild decline (5% and -1% respectively). In contrast, in the category of bottled tsipouro recorded a 17% increase. Tax policy on alcoholic beverages in Greece provides a higher rate, calculated on 100 liters of ethyl alcohol product applies to spirit drinks (€2,550), (whisky, vodka, gin, etc.). In local traditional bottled spirits (ouzo, tsipouro) the tax calculated at half of the tax of alcoholic beverages (1, 275/100 liters of dehydrated ethyl alcohol).

During the last five years the Greek economy is in recession and changes in the macro-economic environment are continuous and this influenced the wine business too. This led the winery owners to lower the prices of their wines in the Greek market and thus they became more extrovert and invested their efforts in exports. However, despite our efforts and researches no data on the exported variety type and type of wine was found in any wine sector studies. For these reasons a first research was conducted by our team between October and end of November for the market possibilities of the well-established varieties as also for any promising Greek variety. The market research was conducted in USA and in Canada in order to examine the possibilities on Greek wine exports to these wealthy economies. Opinion leaders and importers answered the specific questionnaires and in this manner the varieties with a potential for success in these markets and finally the potential of the specific type of the wines that could be included among the in-fashion wine styles for these countries were discussed. It seems that the main advantage of Greek wine sector is the uniqueness and rarity of Greek *Vitis Vinifera* varieties.

According to this study one of the findings in the US market was that the Greek winemakers took collective responsibility for creating a national marketing initiative to support their export activities, firstly on their own expenses and after through the use of EU and Greek State financial support, in an effort to securing the long-term success of the Greek wine industry. Greece has received an unprecedented amount of positive publicity in the media and trade, especially for the relative small size of production, which was proven the conduit through which consumer interest was increased. The study also mentions that for the US the following activities should be considered: 1) specialized strategies relating to developing communication and advertising to traders and to consumers, 2) public relation activities towards importers and distributors, 3) organization of visits to wineries by clients and 4) granting of higher profit margin to distributors/retailers.

Concerning the Canadian market it was suggested that a great deal of patience and perseverance is needed to position Greek wine in the Canadian monopolies, since they do not fit into the typical mass marketed wines from other regions with much larger production. Also, that it is advised to re-position Greek wine away from the low-priced categories but into the medium to premium categories, especially when the quality is there.

Based on the sector analysis (presenting the domestic and global wine industry), on the market research in US and Canada, on the research of the potential of indigenous grape varieties and on the type of wines by our team during this study for Greek wines and distillates, a **simulation** of the establishment of a new winemaking facility is presented as well, in order to guide and inform young entrepreneurs who want to enter the industry. Based on that, the case of the potential establishment of Wining Winery (W.W.), a boutique premium vineyard, winery and distillery that will be located in the Nemea Protected Designation of Origin (PDO) was examined.

The key to the wine/distillery production unit's success will be its dedication to producing premium wine quality from unique Greek varieties based on solid research results and academic knowledge of the involved processes. The winery will focus on connecting new knowledge on

ancient Greek varieties with new innovative winemaking methods. The 'catalyst' will be the Oenology Laboratory of the Agricultural University of Athens, Greece. Its marketing strategy will combine other upcoming sectors, such as agrotourism, e-commerce, organic farming, experience industry and educational holidays.

1. Greek Economy

The last five years the Greek economy is in recession and changes in the macro-economic environment are continuous. P.E.S.T. & Sector Analysis results present all factors and data that companies should take into consideration within the wine industry. Both methods are useful strategic tools for a company to understand market growth or decline, business position, potential and direction for operations.

1.1 P.E.S.T. Analysis

P: The Political Environment presents the general political situation of Greece and the particular attitude of government policy towards enterprises. The uncertain political landscape the last five years in Greece, with continuous changes of government structure and frequent imposed changes in policy, created insecurity in the market. Further, changes in the tax system meaning additional measures every three months and an aggressive approach concerning employment rights, have reduced the opportunities of growth of all industries as well as for wineries. Since companies were unable to foresee these adverse changes they chose to relocate in neighboring countries or reduce their workforce or even reduce their production and often exit the market.

E: The Economic environment is the most important development factor as it affects in the same way all businesses regardless of size or area of activity. The decline in consumer disposable income, the high inflation, the pressure of suppliers for immediate pay off, the failure to collect debts and the inability to obtain loan boring from banks has brought an impasse into market. In addition, the latest absence of European funds which companies used to receive for development and security purposes, threatens their survival. The lack of financial support plays a large role in the wine sector, since wine production is dependable from weather and a damaged production without the ability to cover losses, can be fatal for any business in the sector.

S: The Socio-cultural environment reflects all the values, beliefs and ideals and all other characteristics that distinguish a group member from another. In recent years Greeks changed their shopping habits and focused their interest towards Greek products. Their particular interest for quality and high nutritional value products, derived from good winemaking practices, mobilized companies in the industry to produce products that meet customer needs. An important role in the use of good wine production processes played the consumer interest to companies who bring in their culture ethics and social responsibility, ensuring that this is evident at every stage of production. Companies have adopted environmental protection programs, acquire certifications that evaluate their practices and participate in activities of the local community. Especially, companies which export their products

should always be informed about the values of the respective countries and adjust accordingly their products.

T: The Technological environment relates to activities that have to do with innovation and transfer knowledge into new products, processes etc. Wineries are characterized by capital intensity and the management structure should monitor closely the evolution of machinery in order to obtain the equipment that will help them improve product quality and reduce operating costs. Moreover, integration of technology / computer and telecommunications in their operations should improve their efficiency and increase their sales, (for example: through an e-shop they are able to promote their brand and sell their products all over the world).

1.2 Sector Analysis

Wine market is characterized as cold, concerning dining and entertainment, and warm regarding, mainly, domestic consumption, where the customer, who is the final consumer, uses liquor stores and supermarkets as provision spots with 40% - 50% market share.

Distribution networks are built up according to the type of market that each business wishes to develop, Depending on the size of business and its objectives, companies decide either to directly sell their products or cooperate with third-party logistics provider (3PL) companies. Most of the times and for small wineries, 3PL companies are their only solution in order to position their products on the shelf.

Wine trade terms are differentiated and configured in relation to the size of the business, the product, the quantity of order, the local market's environment and, generally, the agreement between the contracting parties. Discounts, usually, reach the level of 40% in super markets but wholesalers do not get more than 25% - 30%, plus the fact that discount is proportional to quantity ordered.

The size of vineyards is connected directly to the amount of wine production. According to available information from the Ministry of Agricultural development and Food, during the period 2012 - 2013, there were 65,020 Ha of vineyards throughout the country, whereas, during the period 2013 - 2014, vineyard land has increased no more than 0.5%. In 2013 - 2014, as far as Geographical distribution of Greek vineyards land is concerned, the percentage difference was the same, but descending in relation to the previous year's (0.5%). Most vineyards are located in Peloponnese with coverage of 17% (10,946 Ha). Next is the Region of Western Greece covering 12% (89,051 Ha), followed by Crete Island with 12% (77,699 Ha) as well. Central Greece owns 11% (71,000 Ha) and, finally, Attica holds 10% (64,001 Ha)

As far as variable cultivations in our country are concerned, vines for winemaking occupy 45% of vineyards, whereas table grape varieties and raisin are cultivated on the remaining land. The average cultivation land in Greece is 0.5 Ha for Wine Appellation of Origin of Superior Quality and Wine Appellation of Origin Controlled (cited above), while the average cultivation land for Europe is 1.1 – 7 Ha. For table varieties there should be 0.4 Ha for Greece and 0.7 – 5.3 Ha for E.U. In comparison to the world wine market, land is estimated to be 7,573 thousand Ha for 2014, where E.U. holds 42% with a percentage reduction of 12.7% from 2003 until 2014. There has been a relative stabilization of land, a fact that balances total world loss. Internationally Spain is in the first ranking position, followed by China and France holding shares over 10.5% each. In the meantime, Greece is in the 13th ranking position holding 1.5%. Regarding wine producing, France is top producing country for 2014; next is Italy and Spain in the 2nd and 3rd ranking position respectively.

Concerning the field of spirits, according to available information from the General Chemical State Laboratory of the Ministry of Finance, for 2014, there were 218 legally beverage industries that bottle spirits. The total production was 1,756 thousand HL of dehydrated ethyl alcohol. Approx. 1.1 thousand HL was the production of ouzo (the Greek spirit that is produced from agricultural alcohol flavored with anise and others seeds). 0.07 thousand HL liquors, 0.47 thousand HL other spirits (among them the famous international brand “Metaxa” and only 0,12 thousand HL was the production of tsipouro (the Greek distillate that is produced from the marc of the grapes).

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1.3 Description of wine

Based on the institutional framework of the EU

The European Union (EU) is the world’s largest wine economy, with roughly 70% of global production and 60% of global consumption. All 27 EU member states produce wine to some extent, and each has

its own language, traditions and wine classifications. Maintaining consistency across the entire economic zone requires a set of overarching, EU-wide wine quality classifications and production laws. According to the basic regulation of the Common Market Organization (KOA) Wine (EC) 479/08 and fitting Commission Regulation 607/09, the EU classified wine quality into two categories: 'QWPSR' (Quality Wine Produced in a Specific Region) and 'Table Wine'. These were replaced in 2011 with PDO (Protected Designation of Origin) and PGI (Protected Geographical Indication), as represented below.

Table 1: Geographical indications and traditional specialties in the European Union

CATEGORIES OF WINE		
Wine Protected Designation of Origin (PDO)	Wine Protected Geographical Indication (PGI)	Wines without indication (PDO/PGI)
	<p>Local Wines</p> <p>Appellation Traditional</p>	

Source: KEOSOE: Central Union of Wine Co-operatives of Greece

PDO (Protected Designation of Origin)

According to the EU definition, PDO products are "produced, processed and prepared in a given geographical area, using acknowledged know-how". Their quality and properties are significantly or exclusively determined by their environment, in both natural and human factors. The category is named Appellation d'Origine Protégée (AOP) in French, Denominazione di Original Protetta (DOP) in Italian and Denominación de Origen Protegida (DOP) in Spanish.

PGI (Protected Geographical Indication)

The EU definition of a PGI product is one closely linked to the geographical area in which it is produced, processed or prepared, and which has specific qualities attributed to that geographical area.

The category is named Indication Géographique Protégée (IGP) in French, Indicazione Geografica Protetta (IGP) in Italian and Indicación Geográfica Protegida (IGP) in Spanish.

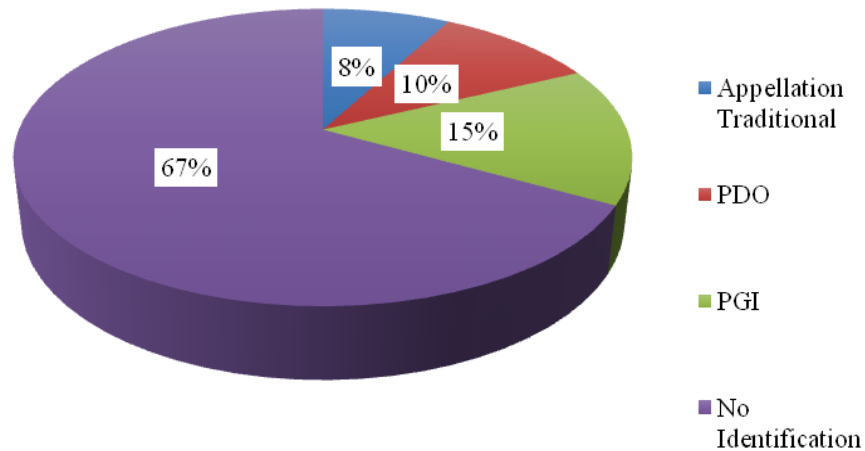
The examination of wine categories results in the fact that during the last five year period in Greece:

- DOP wines represent 9.78% (≈284 thous. HL)

- PGI wines respond to 14.80% (≈429 thous. HL)
- Wines of no significant indication, cover 66.51% (≈1 884 thous. HL)
- “Name according to tradition corresponds to the rest 7.57% (≈211 thous. HL)

Figure 1: Average Distribution of Wine Category

Average distubition of wine category



Source: Greek Ministry of Environment, Energy and Climate Change

1.4 Description of Distillates

The description of distillates and spirits referred to Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008, on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89

Distillate Categories and Types

The categories of all spirits, referred to the ANNEX II (SPIRIT DRINKS, Categories of spirit drinks) of Regulation (EC) No 110/2008. Among them, are the spirituous beverages of vitivincultural origin as wine spirit, brandy, grape marc spirit or grape marc, raisin spirit or raisin brandy, grape spirit.

The wine spirit is spirits drink that

- Produced exclusively by the distillation at less than 86 % vol. of wine or wine fortified for distillation or by the re-distillation of a wine distillate at less than 86 % vol.,
- The minimum alcoholic strength by volume of wine spirit shall be 37.5 %.
- No addition of alcohol as defined in ANNEX I (5), diluted or not, shall take place.

The most traditional and upcoming Greek spirit of vitivinicultural origin, is Tsipouro, which is the distillate of the grape marc and belongs to the category of “grape marc spirit” or “grape marc”. This spirit drink meets the following conditions:

- It is produced exclusively from grape marc fermented and distilled either directly by water vapor or after water has been added;
- A quantity of lees may be added to the grape marc that does not exceed 25 kg of lees per 100 kg of grape marc used;
- The minimum alcoholic strength by volume of grape marc spirit or grape marc shall be 37.5 %.

The main raw materials of tsipouro are the grape marcs, produced from grapes, cultivated exclusively in Greece. In other countries of E.U. there are grape marc spirits also, like “Grappa” in Italy, “Eau de vie de marc” in France, “Zivania” in Cyprus, etc.

For Geographical Indications, in the same Regulation in ANNEX III, lists the following GIs of grape marc spirits for Greece:

- Tsikoudia
- Tsikoudia of Crete
- Tsipouro
- Tsipouro of Macedonia
- Tsipouro of Thessaly
- Tsipouro of Tyrnavos

1.5 Historical Information

The extrovert character of Greek wine industry

The Ancient Greeks were the first culture to assimilate wine into their everyday life. The Greeks used the commerce of wine and other products to spread Greek culture to other parts of the known world and were actually responsible for planting many of the grapes in the well-known winemaking regions of Italy and France.

Although famous in ancient times for quality wine production, wine production was substantially disrupted during Ottoman occupation and liberation (mid-1400s through early-1900s). In addition, the subsequent wars fought on Greek soil during the first half of the 20th century (Balkan Wars, WWII, and Greek Civil War) left wine production devastated with production only maintained for local consumption. It was when Greece joined the EU in 1981 that the Greek wine sector received EU subsidies to revitalize the Greek vineyards and build new wineries with the latest in modern winemaking technology. Greece now enjoys an extremely sophisticated winemaking infrastructure.

Greece is one of the oldest continuous wine producing regions in the world, but it is viewed as an emerging region due to the recent improvements in the Greek wine sector. In addition to the upgrading of winemaking production technology over the last 3 decades, a new breed of young winemakers emerged that left Greece to train at the best winemaking schools around the world, including France, Italy, Germany, the US and Australia. Armed with the best winemaking education and skills available, Greek winemakers returned to their native land to explore the rich potential that their rich indigenous grape heritage offered to continue and learn from the ancient wine making tradition that once elevated Greek wine production to the highest levels.

Greece offers over 300 native grape varieties, many of them grown since ancient times, which has created a marketing advantage that differentiates Greek wine from that of other regions throughout the world that typically focus on the same traditional, international varieties. Beside that, the unique assortment of different terroirs throughout the countryside, where indigenous varieties have evolved and adapted through several millennia, helped in order wines with a distinct sense of place to be produced. As the 3rd most mountainous country in Europe (after Austria & Switzerland) Greece offers an extremely favorable environment for growing grapes, including higher altitude vineyards, close access to the moderating influence of the sea, a range of different soil types conducive to quality grape production, with a wide array of local microclimates.

Because of the variety of flavors, various styles of wines produced, moderate levels of alcohol and lack of manipulation, Greek wines provide an excellent match for a full range of international cuisines.

They are compared favorably in quality with wines from other established regions, but at much lower prices, because of their relative lack of awareness in the market, currently.²

1.6 Types of wines

Types of wine concern groups of wines based on certain distinctive criteria, which differentiate the several types of wines, such as the color, content of sugar and carbon dioxide (CO₂). Proportionally to the above mentioned types of wines are categorized as follows:

Table 2: Types of Wine

Types of Wine		
Color	Content of Sugar	Content of Carbon Dioxide
White	Dry	
Rose	Semi-Dry	Still Wine
Red	Semi-Sweet	Semi-Sparkling
		Sparkling
	Sweet	Natural Sparkling
		Artificially Sparkling

Source: ICAP Sector Study, "WINERY 2015"

1.7 Champion varieties and Award winning wines of Greece

Greece offers over 300 native grape varieties, many of them grown since ancient times, which has created a marketing advantage that differentiate Greek wine from that of other regions throughout the world. This fact is the main strength of Greek wines as also the long history of Winemaking-Culture. Of course it is obligatory that the wines produced by these rare and unique varieties should be of high quality in order to be successful in the international market. Besides, many well-known international grape varieties are also used in Greek wine making. This extensive variety of grapes together with the moderate Greek climate, plentiful sunshine, low average rainfall and soils of moderate fertility combine to provide an excellent environment for the production of high quality wines.

In recent years, the Greek wine industry has undergone tremendous improvements with serious investments in modern wine making technology. The new generation of native winemakers is being trained in the best wine schools around the world. Studies on enology were established both at the graduate and undergraduate level and thus new well educated enologists are now in the market. Their

² Sofia Perpera & George Athanas, Athens, 1 December 2015, "Report on Marketing Issues for Greek Wine in Canada and the United States"

efforts are paying off as Greek wines continue to receive the highest awards in international competitions as well as the recognition they deserve throughout the world.

An inventory of the worthy varieties spread all over Greek viticultural departments as also the trends on specific types of wines will be analyzed in the current study

1.8 Regions - Varieties

According to a recent study initiated by the National Interprofessional Organization for Vine and Wine of Greece (www.keosoe.gr, business strategy for Greek wines), Greek wines could be represented by 4 main regions-varieties.

Assyrtiko-Santorini wines are rare and distinctive. These wines are born from the indigenous Assyrtiko grape, cultivated in some of the world's oldest vineyards, dating back 3500 years, on the volcanic island of Santorini, Assyrtiko-Santorini world class still dry whites can be drunk young or aged. These terroir driven wines of distinct character are structured on minerality and savourous density. They are rich in alcohol and present high acidities and low ph. Assyrtiko-Santorini produces dry white wines characterized by immortality, pleasant to drink young, but the flavor profile is usually improved after 1-2 years of production. The ageing potential reminds the Burgundy white wines. The yields are very low due to poor soils, hydric stress and strong winds.

Moschofilero-Mantinia still dry white wines characterized by a freshness due to acidity and floral aromas exhibited by the wines of this variety. This variety that could be considered as an aromatic exists since many years in the high plateau of Mantinia in the north-central Peloponnese. Moschofilero wines are light, crispy and refreshing. It seems to be an ideal grape for sparkling wines.

Nemea-Agiorgitiko red wines are integrated into the myth and history of the region of Nemea, Peloponnese, as well as its local culture and legends of Hercules. Usually the wines of Agiorgitiko are characterized as a deep, dark ruby colored, with concentrated aromas of red fruits, figs, vanilla and generally wines with aromatic complexity. The range of wine styles include rich, complex, age worthy reds for the cellar, as well as light, easy drinking wines with the fresh aromas of red fruits. The incredibly beautiful and captivating region of Nemea is actually the namesake of its main grape, Agiorgitiko, which, literally, means the grape of St. George (Agios Georgios) and originates from the city of Nemea, formerly called Agios Georgios - St. George. The variety of soils and the diversity of the terroir help to create many different styles of wine from the Nemea-Agiorgitiko grape.

Xinomavro-Naoussa/Amynteo wines are characterized by relatively light intensity red color, by their high acidity, strong tannins and complex aromatic character. This variety originates on

northwestern Greece, in the appellations of Naoussa and Amynteo. Xinomavro-Naoussa/Amynteo wines could be consumed young, exhibiting intense fresh red fruits aroma but could also age for many years, then exhibiting an earthier, spicy and tomato paste aromas. These wines are characterized as austere, especially when young, with dry, dusty tannins and saliva-inducing acidity. Some of Xinomavro wines reminds the great Nebbiolo-based reds of Barolo, Barbaresco and the Valtellina in north-western Italy, or the structured and savory pinot noirs of the Côtes de Nuits in Burgundy. There are 4 appellations in Greece that feature Xinomavro. PDO Goumenissa north of Thessaloniki and PDO Rapsani on the eastern slopes of Mt. Olympus require vintners to blend xinomavro with native Negoska, and Krassato and Stavroto, respectively. But XinomavroNaoussa and Xinomavro-Amynteo, planted in two wine growing areas of northwestern Macedonia of great importance, Naoussa and Amynteo, give the mono-varietal appellations PDO Naoussa and PDO Amynteo, where this singular, northern red reveals its deeper character. Both Naoussa and Amynteo produce red wines capable of long ageing, arguably the most age-worthy in all of Greece. Yet between them, there are significant differences.

1.9 Conventional Varieties

Assyrtiko was firstly cultivated on the island of Santorini, where it has developed a unique character producing excellent AOC wines but during the last 25 years Assyrtiko has been planted throughout Greece including Macedonia, Thessaly, Attica, Peloponnesus and elsewhere, where it expresses a milder and more fruity character. The excellent character of the wines of this variety led some winemakers to plant it even in Australia such as Peter Barry, of Clare Valley winery Jim Barry Wines (www.decanter.com/wine-news/first-assyrtiko-planted-on-australian-soil25375/). Known for its vigor and resistance to drought and disease, Assyrtiko is a good choice for the future of winemaking in the conditions of Climate change. Assyrtiko can also be used together with the aromatic Aidani and Athiri grapes for the production of the unique, naturally sweet wines called VINSANTO (wine from Santorin), well known since Byzantine times.

Athiri is also one of the most ancient of Greek grape varieties. It is found in many islands and in other regions in Greece including Macedonia, Attica and Rhodes where it produces AOC Rhodes wines. Athiri produces fruity wines (banana, green apple aromas), having medium alcoholic content and low acidity.

Malagousia originated in the region of Naupactus in western Greece but now days is planted all over Greece contributing to more than 50 different labels in the market. Its wines are characterized by a low to medium acidity, relatively light body, but by aromas of exotic fruits, mandarin, citrus, jasmine and mint.

Robola grown most notably in the mountainous vineyards of Cephalonia gives wines with citrus and peach aromas mixed with mineral hints and a long lemony aftertaste. However winemaking conditions should be adequate as the wines of these grapes are very easily oxidized. Robola's fine character assisted in its qualification as the AOC Robola of Cephalonia.

Roditis is the most planted variety through Greece and as the name implies, Roditis is a rosé colored grape that is very popular in Attica, Macedonia, Thessaly and Peloponnese where it is cultivated for the production of AOC Patra wines. It produces the best results when cultivated with low yields on mountainous slopes. Roditis produces elegant, light white wines with citrus-riper banana- golden delicious apple flavors and a pleasant aftertaste.

Savatiano, the second most planted variety in Greek vineyards is the predominant grape in the region of Attica where it displays excellent resistance to the dry summer weather there. It leads to the production of elegant, well balanced white wines with an aroma of citrus fruits and flowers and it is the main variety of Retsina wines.

White Muscat an ancient and aromatic grape which leads to the production of dessert wines and dry whites. It is cultivated in many regions of Greece but is known to produce the best results and AOC wines in Samos, Lemnos and Rio of Patra. It also yields a small production of AOC Rhodes and Cephalonia wines.

1.10 Promising white varieties

Aidani is another ancient Greek grape variety and is mainly found in the Cyclades Islands. It produces wines rich in terpenic aromas with medium alcoholic content and acidity.

Debina is used in the production of dry whites as well as superb sparkling and semi-sparkling wines. Its wines are susceptible to oxidation, thus adoption of technology is necessary in order to obtain high quality wines. Debina wines exhibit green apple aromas and are characterized by high acidities while the alcohol level is usually low. For these reasons this variety seems to be ideal for semi-sparkling and sparkling wines.

Goustolidi a white cultivar with a distinct character, Goustolidi (Vostylidi) is cultivated on the Ionian islands, mainly in Zakynthos and Cephalonia as also in the Peloponnese, yielding fatty wines of mature aromas, high acidity and long aftertaste.

Kidonitsa is the most acknowledged member of an almost extinct and out-of-the-ordinary group of grape varieties emerging in the last decade out of the region of Laconia, located in the southeast of the Peloponnese. It is a white grape variety, mainly producing white dry wines. It is a variety that produces wine with medium lemony, green color, intense aromas, dominated

by notes of ripe quince—called Kidoni in Greek (Kidoni-Kidonitsa). On the palate it is round, soft, and textured. Many winemakers are experimented with this variety in various regions of Greece.

Monemvasia is a white wine variety that is found mainly in the Cyclades, Euboea, and Laconia and occasionally in other Aegean islands. Her name is likely to come from the area of Monemvasia, although no precise information as to its origin. The white wines of this variety are often fruity and when young presenting exotic fruits aromas and besides they are characterized as medium body wines with medium acidities.

Vidiano is a white grape variety coming from Crete, used to produce white dry whites, sometimes aged in oak. It produces wines with lemony green color, intense, individual and very complex aromas of ripe peach and apricot, hints of aromatic herbs and minerality. The wines are usually characterized as full body with medium to high acidities

Vilana is used mainly for producing dry fresh whites, but ambitious producers are also releasing small quantities of premium oak-aged bottlings. Vilana wines exhibit moderately deep yellow color, medium intensity of aromas of lemon, orange, pear, flowers and herbs. On the palate it is fresh, light in body, with medium acidity and alcohol levels.

Red Conventional varieties

Agiorgitiko produces deep colored red wines with aromatic complexity and soft tannins. It leads to the production of many different styles of wine, ranging from fresh aromatic reds to extraordinary aged reds. It also produces pleasant aromatic rosé wines but also sweet red wines.

Xinomavro, the predominant grape variety in Macedonia produces wines with long aging potential and exhibit tannic character. The wines exhibit complex aromas such as red fruits (gooseberry) with hints of olives, spices and dried tomatoes.

Mandelaria grape, rich in color, is also known as Amorgiano in Rhodes and it is mainly cultivated on the islands of Rhodes and Crete. Mandelaria participates in various Appellations of Origin usually with other grapes such as Monemvassia in Paros, Kotsifali in Crete or as a single variety on the island of Rhodes, producing distinctive red wines.

Mavrodaphne is mainly found in the Peloponnesian regions of Achaia and Ilia as well as in the

Ionian Islands. The wines produced by this variety are characterized by medium colored red wines, by overripe red fruits, black pepper and dried prunes and currants aromas as also by soft tannins. The variety is known mainly for the sweet dessert wines that have been produced until recently.

Promising red grapes

Vertzami is a rare red grape variety of western Greece, with a deep red color and an intensity of aromas and flavors (eucalyptus and cedar, underlined by black fruit). It produces dry red wines with high content on tannins and thus most of these wines are aged in oak. Vertzami is mainly found on the

Ionian Island of Lefkada, but can also be occasionally found in the western parts of Peloponnese, Central Greece and even up to Epirus.

Avgoustiatis belongs to a group of very rare Greek varieties with a small acreage, produced only from a handful of wine producers but, at the same time, high quality results. This is exploring the edges of the world of wine as known today. It is a red grape variety producing mainly dry red wines but also the results of rose wines produced recently by numerous winemakers are really promising. It could be also used to produce sweet desert wines. Avgoustiatis produces wines with a deep, vibrant, purple red color, intense aromas of ripe red fruit, sometimes strawberries hints, and spices, while on the palate they have a round and a medium to full body. It is found only in the western parts of Peloponnese.

Lemnio is variety located in Lemnos Island, in Cotes de Meliton and some other regions of Macedonia. The grapes are late-ripening and thus tend to produce juice with high sugar levels, which in turn would lead to high alcohol level in the finished wine. Moreover, if harvested late, the juice also contains certain phenols that tend to impart a definite herbaceous quality to the wines. Lemnio is fullbodied wine with moderate levels of acidity and tannic and a distinguishable mineral tone and aroma. Lemnio displays a striking resistance not only from dry weather conditions but also from different types of diseases. The wines of this variety are usually poor on anthocyanin levels, however is among the varieties that the winemakers are looking for as it produces elegant red wines.

Lemniona is one of the rising stars of the Greek red varieties. The quality potential of this red variety, used to make dry red wines, was identified when only few vines were left. Several years of research and microvinifications, started yielding some interesting results. Lemniona wine has a deep and vivid purple red colour but this depends highly on canopy management adopted. On the nose it is rich with intense black fruits and spices. Medium rich in tannins with usually relatively high alcohol. Lemniona is thought to be originating from Thessalia (Thessaly) and specifically from the areas of Karditsa and Tyrnavos.

Mavrotragano, one more grape on the brink of extinction in the past, it is now protected as an endangered variety by the international organization, Slow Food. Mavrotragano produces wines of deep red color and intense tannins that take on more layers of complexity as the wine ages in oak. It gives aromas of fresh red fruits and spices and can also be used in the production of sweet wines. Mainly located in Santorini Island, the last years are also planted in other islands and in northern Greece with high quality results.

Trends on the Style of Wines with rising sales

In order to propose to new winery owners or to existent wineries on what to invest and develop as wine style aiming to gain market shares a research was done on the market trends.

Rose wines

It seems that the rose wines are the new trend for wine consumers. According to the web site www.streetdirectory.com, rose wines are not unfashionable and unsophisticated, and the sales have increased by 29% and rosé wine now accounts for 8% of all wine sales compared to 1% ten years ago.

According to a January 2014 Nielsen report, in 2013 retail sales of premium imported rosé wines (those priced at \$12 or more) increased 39% on volume and 48% on value. This marks nine straight years of double digit growth in the US, proving that the perception of rosé as a low quality wine is a thing of the past. Key reason for the increase in rose wine sales is greater choice. Nowadays Sweeter blush style rosés have become particularly popular with the younger generation who are looking for an alternative to sugary style alcopops. Besides, the quality of rose wines has improved and there's been a significant improvement in the quality of rosé. In the past, most winemakers set out to make red wine and then later decided to turn a portion of the juice pressed for red wine into rosé. More and more winemakers are now choosing to make rosé from the outset and are specifically focusing their viti-vini culture efforts on producing rosé rather than simply using it as an outlet for unused juice. As winemakers have started

making rosé with intention, the quality of the wine has naturally improved (<http://communitytable.parade.com/302754/allieandmeluncorked/the-rise-of-rose-how-pink-winebecame-serious-business/>).

This could be an opportunity for Greek wines and Greek wineries. As it is also outlined in the current study for the exports possibilities of Greek wines in USA and Canada rose wines could have a market success. According to experimentation in the Laboratory of Enology and in collaboration with many wineries all over Greece it was found that many local varieties produce high quality and international style Rose wines. Xinomavro and Agiorgitiko rose wines are in the market the last 5-6 years, but recently there are really interesting and of high quality rose wines made by Avgoustiatis, Limniona and Fokiano grapes.

Best practices for high quality Rose Wines

- i. Special attention should be paid on the canopy management applied on these varieties as except the grapes of Xinomavro, all the other varieties usually overripe and this leads to medium quality rose wines.
- ii. Mechanical treatment of grapes, destemming and crushing is important for juice quality.
- iii. The most important step is the pre-fermentation clarification of the juice and the racking. Until recently this step was omitted thus leading to medium quality rose wines. Adequate yeast strains as well as yeast nutrition is of main importance for aroma formation of rose wines.

Sparkling wines

Sparkling wines sales are each year higher by 8-10% all over the world. As reported by CNBC, sparkling wine shipments to America were up 8% in 2014 according to the Wine Institute with 40% of drinkers popping bottles for everyday moments rather than special occasions (<https://www.thedrinksbusiness.com/2015/08/sparkling-wine-sales-fizzing-in-the-us/>).

During the last 5 years we observe a rise on sparkling wines sales in Greece rise on exports of Greek sparkling wines. Debina from Zitsa and Athiri from Rhodes seem to be adequate grapes for producing high quality sparkling wines. Besides, Roditis from Peloponnisus could be also very interesting for sparkling wines production. But the main strength of Greek sparkling could be the wines made by Muscat grapes. Muscat d'Alexandrie, Muscat of Patras, Muscat of Tyrnavos and Muscat of Lemnos and of Samos is ideal grapes for producing trendy sparkling wines for the younger wine drinkers.

Concerning the sparkling method to adopt, the charmat method seems to be the most appropriate for Greek sparkling.

Best practices for high quality Sparkling Wines

- i. Special attention should be paid on the canopy management applied on the varieties for the production of sparkling wines
- ii. Harvesting before maturity for low sugar content and high acidities
- iii. Fractionation during pressing, choice of the better fractions for the sparkling wines
- iv. Use a neutral yeast strain for the production of the base wine. Examine redox potential of the wine before the second fermentation.

Moscato is the latest craze that seems to be taking the US wine market by storm (<http://www.thekitchn.com/wine-trends-2012>). Moscato is the Italian word for Muscat, the aromatic white grape variety that is widely planted in Italy, France and Greece. Moscato is the grape variety in both the deliciously sweet, slightly sparkling wine, Moscato d'Asti, and in the fully sparkling Asti Spumante wines. According to both retail analysts Nielsen, and specialist wine research consultants Gomberg & Fredrikson, sales of Moscato in the United States have grown over 80% in the last 12 months. Thus, producing high quality Muscat wines in Greece could be a nice opportunity for exporting to USA and other countries.

Best practices for high quality Moscato still Wines

- i. Special attention should be paid on the canopy management applied on the varieties for the production of aromatic Moscato wines
- ii. Harvesting at adequate maturity
- iii. Apply skin contact before fermentation
- iv. Fractionation during pressing
- v. Use high quantity of enzymes in order to achieve clarification. Settling down of the juice at 14-15 °C instead of lower temperatures as applied for other varieties
- vi. Apply fermentation temperatures around 20-21 °C. Other opportunities could be the low alcohol wines, using Roditis or Sideritis grapes.

As a conclusion, Greek wineries could produce wines that could be in fashion and the main advantage is that there are native varieties that could be used for these products. Thus the products are original and unique and could assist on the promotion of these products and open easier new markets.

2. Domestic Wine Production (2010-2015)

All the important information about the Wine Sector, are provided below.³

2.1 Sector Size

- The period starting the 1st of September until the 31st of August is the time when domestic wine production is being recorded, out of season wine period. During the last five years period (2010-2015) domestic production is decreased during the first two time periods followed by an upturn reaching a level of 3,343 thous. HL in 2013/2014

³ Source: Ministry of Environment, Energy and Climate Change

- Further decrease in production is anticipated during the period 2014-2015 (-16%), which is due to weather conditions and to the fact that the largest part of wine producing varieties has been in the market as table fruit
- The average of annual wine production undergoes a cut down of 20.17%, as it developed in 2,992 thous. HL, against the corresponding average of 3,748 thous. HL of the previous five years period.
- Our country's yearly stock supply level rose to 1,373 thous. HL for 2014, displaying an increase of 16% (1,187 thous. HL in 2013).
- National wine consumption developed averagely in 3,005 thous. HL during the last five years, while it was 3.202 thous. HL during the five years period before that.
- Total value of bottled wine ranged between € 190-200 millions, whereas that of bulk wine ranged between €140-145 millions.
- White wine owns the largest share proportion engaging 68%-70%, including retsina wine, whose share is estimated to be of 8%-10% in market total.
- Red and rose wines cover 30%-32%.
- Median expense per household per month climbed to €6,80 in urban areas and €5,06 in rural areas

2.2 Demand

- Price in combination with available income, eating habits along with seasonal factors such as tourism, etc. are major factors for wine demands.
- High consuming season begins in October every year and keeps on for, approximately, seven months. Demand is low in summer due to temperature increase, high during holidays.
- During 2010 - 2015 white wine is the main category of 65% - 68% of domestic production, while red and rose wines are of 31% - 34% of it. Consumption was reduced during the last five years to 3,005 thous. when, during the five years before that it was 3.202 thous. HL

- Domestic wine production covered demand within the country, so imports was reduced to a respectable degree, restrained to the level of 5%- 7% during the last two years
- Wine consumption per person was, in average, 27 liters per person, showing withdrawal in comparison to the previous five years period (28.4 liters per person).
- Current economic times do not affect demand in general. Consumers turn to cheaper options.
- The sector has about 600 wineries, cooperatives and import companies.
- The largest number of production companies active in the prefectures of Attica and Corinth.
- In 2010, the wines without indication PDO / PGI accounted for 64% of total production, the PDO wine 11%, wines PGI 17% and wines with traditional designation 8%.
- 38% of the wine production is bottled
- The domestic spirit production for the last 5 years (2010-2014) fell slightly from 18.6 to 17,6 million litres of dehydrated ethyl alcohol (d.e.a.). Total sales of Greek spirits over these years increased slightly, despite the reduction in the internal market, from 9.6 mil. lt. (d.e.a). to 6.1 mil. lt. (d.e.a.). This is due to the increase in exports, which went up from 7.7 to 11.4 mil. lt. (d.e.a.).
- About the production of Greek spirits, the share is approx. 62.8% for ouzo, 5.9% for tsipouro, 2.6% for liquers and 28.7% for the other spirits.

3. Conditions in the European market

- E.U. continues to dominate worldwide production holding the share of 58%.
- Most types in PGI category, orderly, belong to Italy (129), Greece (116), France (75) and Spain (44). In PDO category, now, most types belong to Italy (474), France (376), Spain (100) and Hungary (54).
- 45% of the total production in E.U. is of high quality wines and 21.6 % concerns wines of PGI category

- E.U countries are estimated to hold nearly 42% share of world vineyard, despite the fact that during the last years vineyards were restrained up to 14.4% (from 3,640 thous. acres in 2003 to 3,180 thous. acres in 2014)..
- France and Italy have displayed a decrease in consumption of 3.4% and 8.2% respectively. Yet, the most important one was that of Portugal, having fallen down to 12.1%. Germany has shown minor withdrawal, while Spain is considered stable as far as consumption is concerned.
- According to the last available balance sheet of production - usage of wine in E.U. countries (2009 - 2012), total wine consumption during the last three years touched the amount of 130.2 millions HL, as the consumption is 27.6 liters per person in average. During the same period, 29.8% of wine consumption in E.U. concerned consumption of table wines.
- Total wine production in E.U. of 28 has been shaped to 151.6 millions HL, whereas Italy holds 30.1% in total, France 27.2% and Spain 22.6%. Greece has possessed the 7th ranking position holding 2.05% of the total wine production in E.U.
- France holds 11.1% (leading wine producing country for 2014) and Germany follows with 9.5%. On the contrary, Italy and Spain have displayed significant reduction of 17.2% and 15.6% as well.

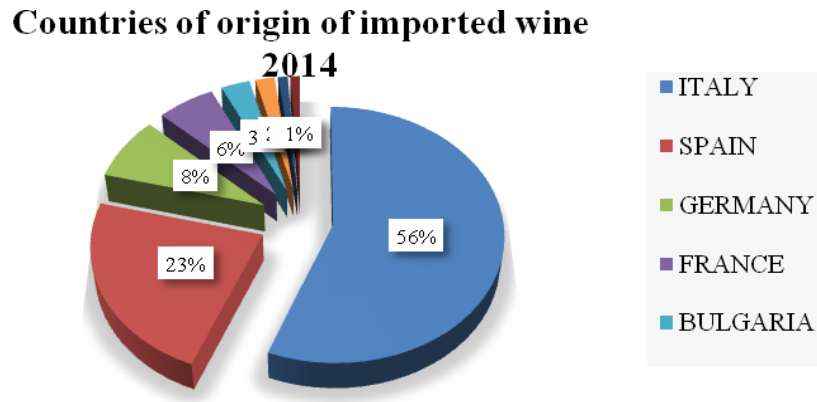
4. Conditions in the Global market

- “New World” countries (Chile, Argentina and South Africa) compete against European wines as in price and quantity.
- U.S.A. appears first holding a share of 7% in total.
- Evolution in world vineyards has shown slight reducing intentions during the last decade in total (average annual rate -0.65%) and they are estimated to be 7,573 thousand acres for 2014.
- In the first ranking position 2014 we find Spain, who possesses 13.7%, and is followed by China and France with 10.5% each, while Greece possesses 1.5%, therefore ranked in 13th ranking position worldwide.
- According to O.I.V. (International Organisation of Vine and Wine), world wine production is 270 million HL for 2014, reduced by 7.2% since 2013, while international consumption is 240 million HL.
- Outside Europe, wine production in Chile has reduced by 17.9%, in the U.S.A. by 5.5% and in China by 5%. There has been a minor increase of 1.4% in Argentina and 2.9% in South Africa.
- Exports in Chile were increased in 2012, contrary to 2011, by 14%.

4.1 Imports

- Imports remain low - 163 thous HIL (International Income) were imported in 2014, 9.5% reduction. “Other white wines” had the largest amount of imports covered with 35.9% and “Other Red wines the 12.7%. The comparatively increased quantity of imported white wine, indicated as PDO holding a share of 20%, is a noteworthy change.
- 99% comes from E.U. countries; Italy is the major supplier, covering 56% of the total. Spain is in the second ranking position holding a share of 23%.

Figure 2: Countries of Origin of Imported Wine 2014



Source: ICAP Sector Study, "WINERY 2015"

4.2 Exports

- During 2004 – 2014 wine exports have displayed downward variations, especially after the year 2010.
- A minor recovery has occurred in 2014, when the quantity exported reached the level of 281.5 thous. HL, increased by 15.5% in relation to 2013, while export value nearly touched the amount of €63 million.
- Export performance of wine business is recorded to be falling at 9.9% during the last years and at 7.2% during the last wining period (2013/2014).
- "Other white wines" hold the first ranking position of Greek exported wines with 21.4% share for 2014, "Other red wines" with 18.5% share and PDO wines with 13.9% share.
- The comparatively increased quantity of imported white wine, indicated as PDO holding a share of 20%, is a noteworthy change for 2014.

- Chief export destination for 2014 were the countries E.U., like Germany (49.4%), France (13%), followed by Cyprus and Belgium, 4% each, E.U. countries have covered the 84.5% of wine export quantity in total within E.U.

During the last 10 years exports to USA and Canada raised by 20%. US and Canadian markets are the 2nd and 4th largest importers of Greek wine. These markets seems to be highly promising, therefore the following study on Marketing Issues for Greek Wine in Canada and the United States was conducted.

As mentioned above, exports of Greek spirits increased. The main spirits for exportations are ouzo and the brand "Metaxa". The Tsipouro is unknown to the international markets yet, but it seems that it will be the new rising export product of the Greek spirit industry. The share of the different spirits in the exports is approx. 68.5% for ouzo, 29.8% for the other spirits, 1.4% for liqueurs and just 0.24% for tsipouro.

4.3 Further Analysis of the Global Market

4.3.1 An approach to the Rising Markets and Exporting Paradises for Greek Wine (by Sophia Perpera and George Athanas).

A report was commissioned as a study to examine important marketing issues involving Greek wine within a selected group of important wine markets around the world, including those exhibiting strong potential for increasing imports of Greek wine. To this purpose, the current study was focused on the US and Canadian markets, the 2nd and 4th largest importers of Greek wine, respectively. Both countries have growing economies with high yearly rates of GDP per capita and consistent rates of growth in wine consumption, indicating substantial long-term potential as wine continues to become an important part of the everyday lifestyle and drinking habits in these markets. Both countries are also large consumers of imported wines. Because of these factors, marketing efforts have been focused in the US and Canadian markets during the last 10 years and will be discussed further in this report. According to Wine Intelligence the USA and Canada are considered *High Growth Established* markets, where wine is becoming a mainstream product and is experiencing above-trend growth.

Recent surveys indicate that residents of the US and Canada have a positive perception of Greece, in general. When asked about their impressions of Greece, respondents mention images of the sea, sun, holidays, food, hospitality and wine. That and the assumption that Greece is consistently ranked as one of the most popular tourist destinations in the world for its rich history and cultural traditions, as well as its diverse, natural beauty, can place the it on the world map of wine destinations. Unfortunately, Greece is not yet closely connected with its ancient or modern winemaking culture, like other popular tourist destinations such as Italy and France, which have thriving, well-known

winemaking and Oenotourism industries. A marketing campaign in the US and Canadian markets that will use the awareness of

Greece's popularity as a tourist destination and reconnect the production of quality wine with the "Greek

Brand", is necessary. That will definitely increase awareness of Greece's vibrant, modern wine industry and generate exports of Greek wine.

5. United States

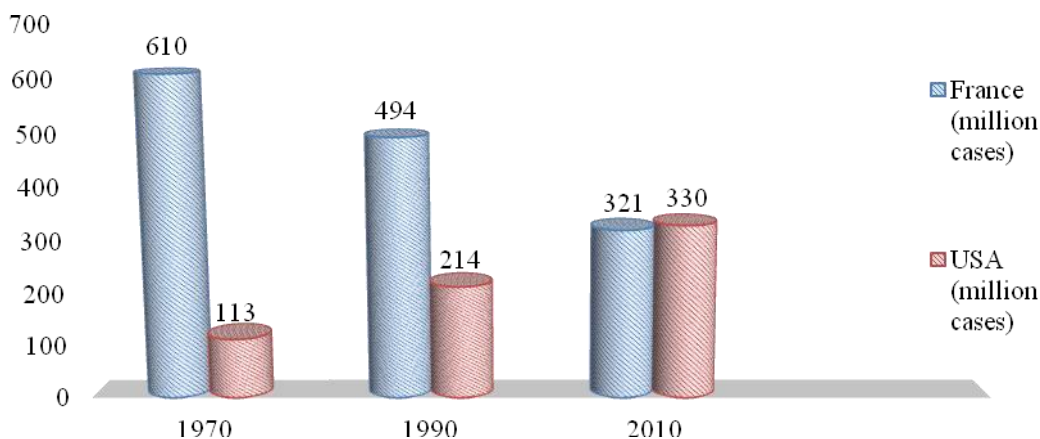
5.1 US Market Overview

5.1.1 Introduction

The United States is the largest economy in the world at \$18.5 trillion GDP, with an estimated current per capita GDP of \$57,000 that is expected to grow at a rate of close to 3% during 2015 (Silicon Valley Bank Report). The current unemployment rate of just over 5% is at historically low levels. The US population reached 319 million in 2014, according to the US Census Bureau, and is expected to increase by 98 million people by 2060, reaching 417 million (average increase of 2 million per year).

In 2010 the US became the largest consumer of wine in the world. According to OIV, US wine consumption has shown increases for the last 22 consecutive years, and since 2000 has increased by 45%. In 2014 US wine consumption reached 375 million cases (case/12bot) with an estimated retail value of \$37.6 billion. In 1970 France consumed 610 million cases of wine, while the US consumed 113 million. By 1990 consumption in France had decreased to 494 million cases, while US consumption increased to 214 million cases. In 2010, US consumption reached 330 million cases, passing France, which was at 321 million cases.

Figure 3: France - USA Total wine consumption (million cases)



Source: U.S. Wine Institute

In 1970 per capita consumption in the US was around 5 liters and by 2014 had reached almost 12 liters, while French consumption during the same time period decreased from 120 liters per capita to around 42 liters. As the US population grows, so has wine consumption. Wine is becoming more and more a part of the American lifestyle and wine related social gatherings, professions and entertaining are becoming mainstream.

More grocery stores (i.e. Target), coffee chains (i.e. Starbucks) and even large online services, not traditionally selling wine such as Amazon.com, now sell wine. In 1991 the popular US TV documentary show 60 Minutes revealed the French Paradox, which was the fact that although the French diet is very rich in saturated fats, they had much lower incidence of heart diseases than the US, which was linked to the counteractive effect of high levels of wine consumption. This, and other studies since that, has indicated the health benefit of regular, moderate wine drinking has helped support the trend for increased consumption of wine in the US.

What is even more positive for regions like Greece, that feature more boutique-style, low production wines for the middle to premium categories, as the US wine consumption increases, the fine wine segment represents the highest growth rate of all categories.

5.1.2 US Market Overview-Structure

Since the beginning of an organized system of alcohol distribution in the US, opposing social and market forces have been at odds over whether the sale and consumption of alcohol should be allowed. In fact, from 1919-1933, alcohol consumption and distribution, was declared illegal under the laws of Prohibition. When Prohibition finally came to an end, jurisdiction was given to individual states by the Federal government to regulate the distribution and consumption of alcohol, including the ability to prohibit its sale and consumption. As a result, the current alcohol distribution system in the US represents a complicated labyrinth of laws and regulations that can differ substantially from state to state, in effect creating 50+ different distribution systems within the country.

Every alcoholic beverage sold in the US is also subject to the rules of what is known as the **3-Tier System**. Under this system the supplier (a domestic winery or an importer) must sell its products to a distributor or wholesaler, who will in turn sell the products to the retail and restaurant levels, who will then sell the products to the final consumer. The price of the final product to the consumer is increased under this system as commissions are added at each of these levels. No intermediate tier of the 3-Tier System can be excluded.

States are also divided into two different categories 1) Control States: where distribution of alcohol, (including retail outlets in many cases) are controlled and owned by the state government, 2) Open

States: where distribution of alcohol and retail outlets is controlled by private companies. According to the Beverage Information Group over 80% of wine sales are sold within open States.

Over time the different regulations from state to state have evolved into a highly complex set of systems that make it a challenge to producers and importers to navigate. Each state levies different taxes and requires different licenses, certificates, etc. which creates a different pricing structure in each state. Some states prohibit the sale of alcohol on Sundays and public holidays, others permit the sale of alcohol only in liquor stores, and some do not allow sales in super markets or require super markets to create separate spaces for the sale of alcohol. Some states restrict the sale of drinks to 2 per person in restaurants. In the Control States the sale of alcohol is only allowed from government liquor stores.

In some states, known as “**Franchise States**”, once an agreement is reached between the local distributor and the supplier/importer, it then becomes the decision of the distributor solely as to whether the supplier/importer will be allowed to change to a different distributor, even if the supplier/importer is not satisfied with the result of the cooperation with their current distributor. In these states the law entitles the distributor to keep almost indefinitely a supplier off the market, if they so choose. Significant restrictions also exist in most states in relation to the content of advertisements and labeling of wines. For example, the distribution of some promotional material might be prohibited if it is considered to encourage excessive consumption of alcohol, consumption of alcohol by minors, racism, reporting on issues of religion, sex and more.

In recent years due to the complexity and increased costs of distribution, as well as strong political lobbying provided by the large distributors, there has been a serious consolidation of distributing companies from State to State. The large distributors have solidified their position by purchasing smaller companies. In 1980, each State contained 5-8 large distributors, together with many smaller companies, while today the number has decreased to an average of 2-3 major distributors in most States with only 34 smaller companies involved in distribution. In 1977 the members of the Wine & Spirits Wholesalers (Distributors) of America were 800 while in 2007 the number had decreased to 360. The consolidation process has also decreased the number of suppliers that the distributors are working with and made it difficult for many products to reach the US market.

The larger, more established brands receive most of the attention from the larger distribution networks, while smaller brands, that also require a smaller “hands on” style distributor, have much less opportunities as the number of these independent distributors decrease. In addition, due to the effects of the financial crisis that began in 2008, distributors are also maintaining smaller inventories, which are often not sufficient to provide consistent supply, even to their best customers. Restaurants and retail shops are often subject to strict allocation allowances, especially for higher quality products, which restrict consistent product availability and further reduce opportunities for the supplier. 35 years ago the distributors were forced to guarantee minimum purchase of many wines in order to

receive supply, otherwise the suppliers could threaten seek other distributors to achieve their goals. Today the situation is much different, as larger numbers of suppliers compete for smaller and smaller numbers of distribution companies. Suppliers are also required by distributors to provide financial and marketing support for their products to assist in sales.

One positive trend in recent years is the re-appearance of smaller distribution companies that are coming into the market to service the many unrepresented suppliers that have been overlooked and cannot be absorbed by larger distribution networks. These new breed of distributors often specialize in smaller production, newly emerging regions that are increasing in sales as a new generation of US consumers are willing to experiment with new and unknown varieties and regions. In addition, companies that are involved only in marketing support for smaller, specialized brands are appearing in several markets.

Today, over 80 years after the end of Prohibition, the 3-Tier system continues to be challenged at the local and national levels, by trade organizations, winery organizations, the legal community, journalists, large retail chains, like Costco and consumer organizations, all trying to open up the distribution system to allow for more competition, a greater supply and less expensive prices. Many see an eventual dismantling of the current US alcohol distribution in the not so distant future. Some states have begun to allow local wineries to send, under certain conditions, a limited number of wines direct to consumer, via the phone or internet, using common courier services. As a result of this, the US Supreme Court, in May 2005, issued a decision saying that the states that allow, even limited, direct sales may not discriminate in favor of local wineries. States cannot allow only local wineries to sell to local state residents, but must allow sales of wineries from outside the same state to sell to their residents. This historic decision released the alcohol trade between several States, creating cracks in the current system and an important legal precedent and is expected to spur the reorganization of the rapidly growing wine market in the US. Simultaneously abroad, the European Union in recent negotiations is asking the United States to open up the existing distribution system of alcohol, demanding improved access to the US market.

Although affected parties in the US distribution system, especially the larger, better financed distribution networks, resist any change to the system, most in the industry agree that change is inevitable. New legislation and court decisions are rearranging the channels of influence and control at each state level, which is expected to grow rapidly, especially as online sales of wine increase. Increasing online sales to consumers has provided an unlimited amount of “virtual retail space” that is now occupied by smaller and less known wineries even in states that do not have distribution.

5.1.3 US Market Overview-Trends

The consumption of wine in the US is concentrated in the major metropolitan centers around the country. Together, 10 states are responsible for the consumption of almost 61% of wine in the US

(California, Florida, New York, New Jersey, Texas, Illinois, Massachusetts, Washington, Virginia and Ohio).

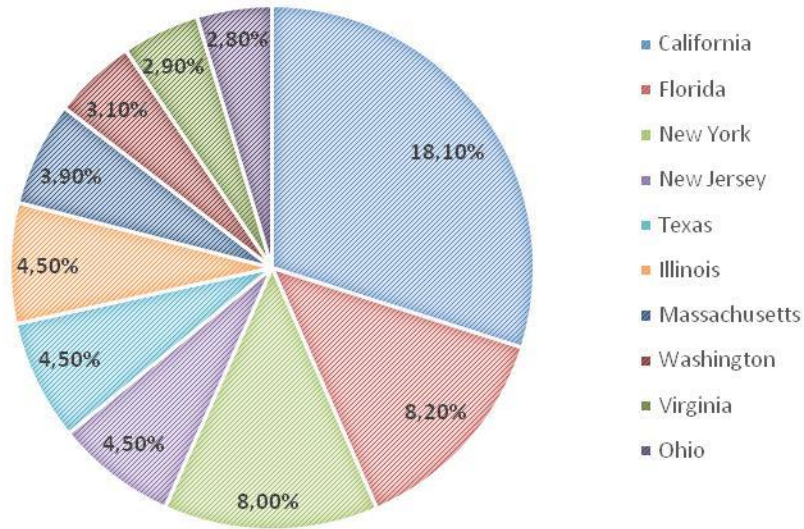
Table 3: Top 10 States – US Wine Consumption (2012)

State	Cases (x12bot)	% Share
California	56,408	18.1%
Florida	25,760	8.2%
New York	24,951	8.0%
New Jersey	14,153	4.5%
Texas	14,017	4.5%
Illinois	13,912	4.5%
Massachusetts	12,048	3.9%
Washington	9,745	3.1%
Virginia	9,156	2.9%
Ohio	8,730	2.8%
Totals	188,882	60.5%

Source: Beverage Information Group W

Figure 4: Top 10 US wine Consuming States (2012)

TOP 10 US WINE CONSUMING STATES (2012)



Source: Beverage Information Group

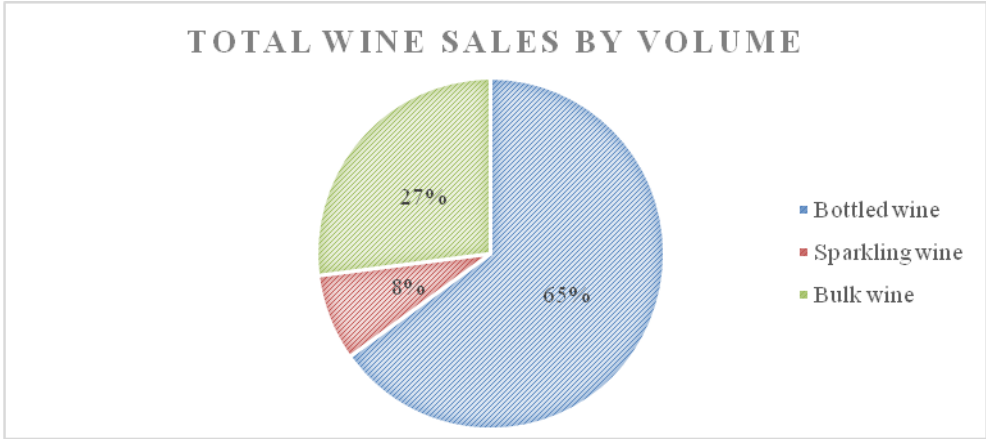
The US is the 3rd largest importer of wine in the world, reaching 10,737khl in 2014, with 65% of bottled still wine representing 78% of the total value, sparkling wine at 8% representing 17% of the total value and bulk wine at 27% representing 5% of the total value (OIV).

5.2 USA Wine Market

Table 4: US Wine Volume

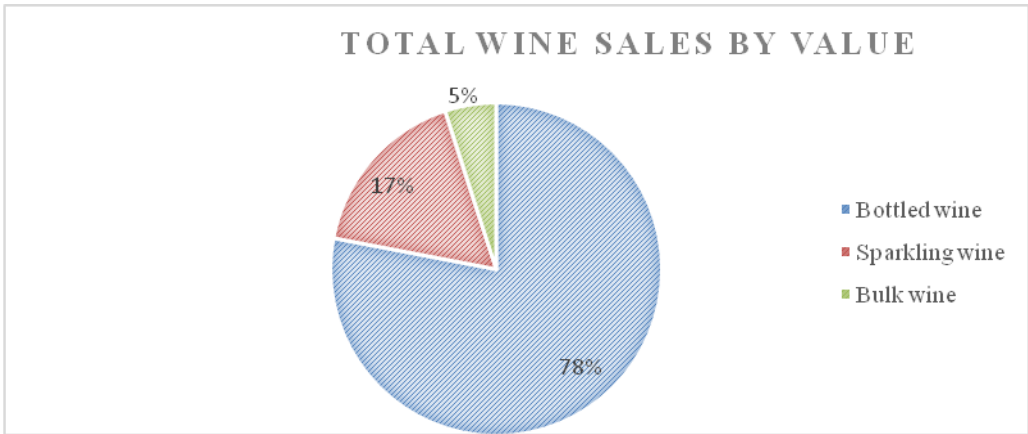
Bottled wine	65% of volume	78% of value
Sparkling wine	8% of volume	17% of value
Bulk wine	27% of volume	5% of value

Figure 5: Total wine sales by Volume



Source: OIV

Figure 6: Total wine sales by value

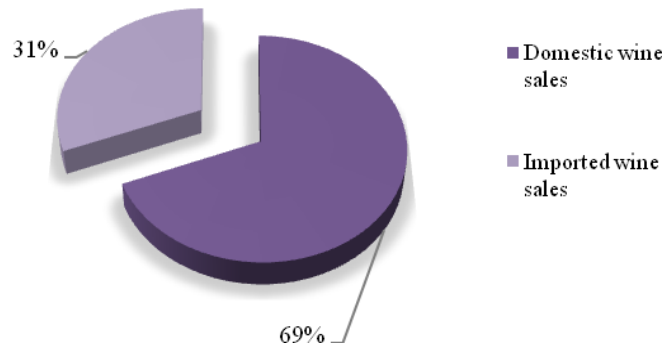


Source: OIV

Although wine imports in 2014 were 2.1% lower than the previous year, in terms of value, it increased by 2.1% during the same period. The consumption of imported wine in 2014 was 31% of the total consumption, down from 34% in 2013, but up by 2.1% in value (OIV). The demand for imported wines in the US is mainly concentrated in states along the east coast. According to the Wine Institute, over 100 million Americans consume wine, with the Baby Boomers representing the largest segment.

Figure 7: Total Wine Sales (2014)

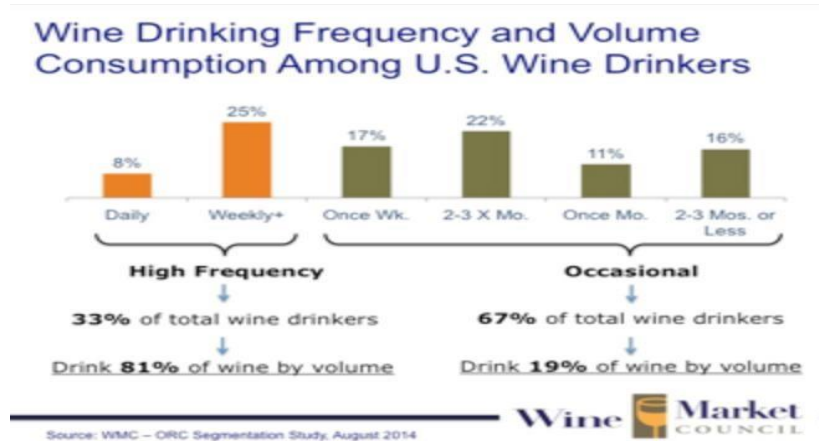
2014 Total Wine Sales



Source: U.S. Wine Institute

According to the Wine Market Council, high frequency consumers (those that drink wine at least once per week) represent only 33% of the total wine consumers in the US, but are responsible for 81% of the total wine consumed in the US. Occasional wine drinkers represent 67% of the total US wine drinkers but consume only 19% of the total volume.

Figure 8: Drinking Frequency & Volume Consumption



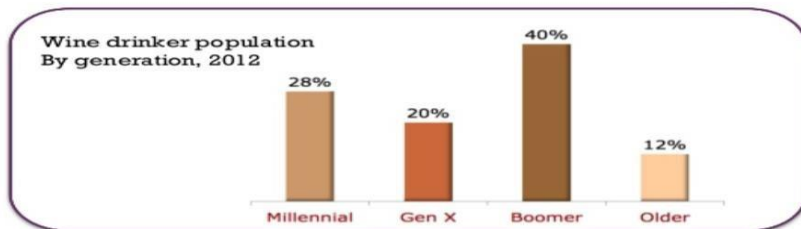
Source: U.S. Wine Market Council

Baby Boomers and Millennials are the 2 largest consumer segments in the US, with Millennials representing a significant potential for emerging regions like Greece, and European wine in general, because of their willingness to explore wines from new and unknown regions and grape varieties.

Figure 9: Consumer Segmentation

+ Consumer segmentation

- Boomer : 48 – 66 years old (77 millions in USA)
- Generation X : 36 – 47 years old (44 millions in USA)
- Millennial : 18 – 35 years old (70 millions in USA)



Source: U.S. Wine Market Council

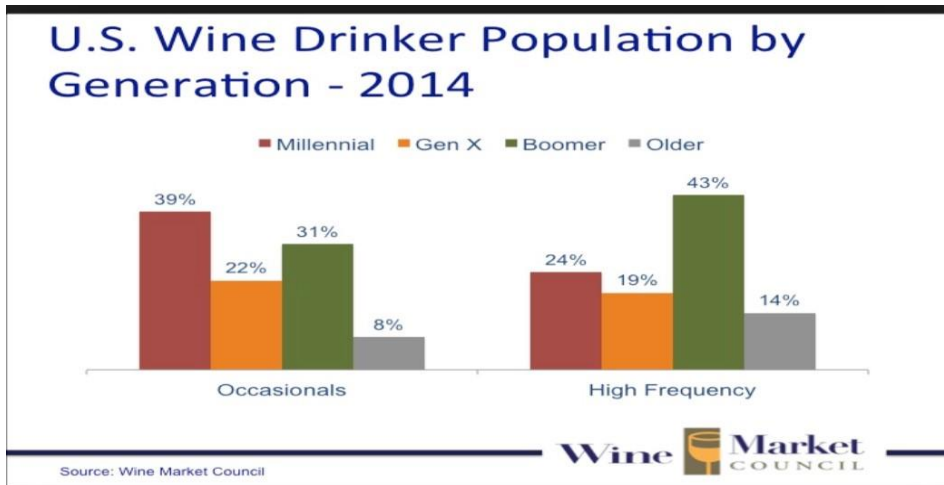
Millennials, (born between 1982 and 2000) represent more than 25% of the nation's population. According to recent US Census Bureau figures, their numbers (83 million) now well exceed those of the Baby Boomers (75+ million). By 2020, Millennials will account for 1 in 3 adults, while today one third of working-age people are Millennials with these numbers increasing as they continue to graduate from college. By 2025 Millennials will account for 75% of all working age people. The Millennial segment is also more culturally diverse segment than the previous Generation X, with 44% of Millennials being part of a minority race or ethnic group.

Because of the large numbers that the Millennial generation represents, it is inevitable that they will play a major role in reshaping not only the wine industry, but other US market trends. Their buying patterns indicate that they are open to new products and are drinking more imported wines than previous generations. According the Wine Market Council, Millennials are curious and adventurous, driving the consumption growth from countries like Portugal, New Zealand and Greece.

Millennials work a lot and travel less, so they travel virtually through their experiences. They use Internet as a source for information and education, as well as for purchases. For them authenticity is the key word. They are interested in the stories behind the wine and are not influenced by traditional wine ratings, established wine writers or magazines. They are influenced more by word of mouth and the opinions of friends. They communicate via Face book, where they also learn about wine and talk about the wines they enjoy. Because of the expanded selection of wines in the US from regions throughout the world in recent years, Millennials have "grown up" without loyalty to the more iconic wine regions like Burgundy and Bordeaux, which they often consider "pretentious" and are more open to buying wines from lesser known regions. Millennials are environmentally engaged and don't have fixed ideas about particular styles of packaging. Since they are always on the go, packaging that is "cool" and environmentally friendly is their preferred choice. A wine sold as "bag in a box" offers an interesting alternative for them. According to Nielsen the sales of wine and spirits are growing for Millennial while beer is declining.

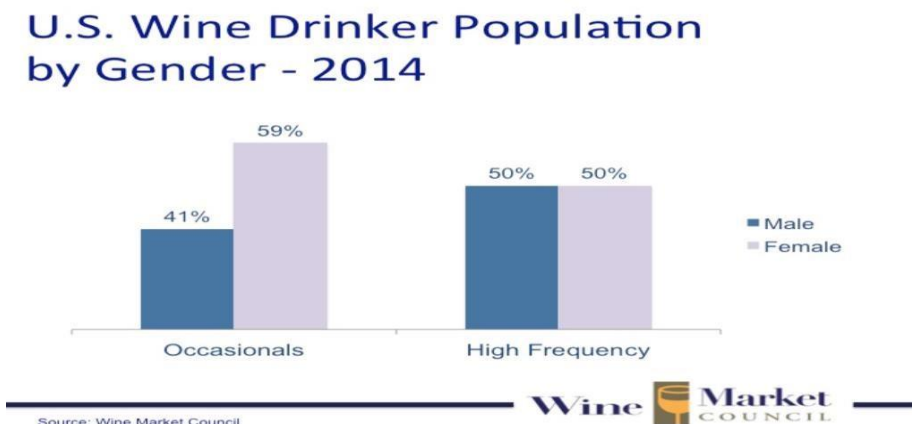
Research shows that 39% of Millennials are occasional wine drinkers while 43% of Boomers are high frequency wine drinkers. While 59% of the occasional wine drinkers are women and 41% are men, the percentage of high frequency drinkers is split evenly between women and men.

Figure 10: Wine Drinker Population by Generation (2014)



Source: U.S. Wine Market Council

Figure 11: Wine Drinker Population by Gender (2014)



Source: U.S. Wine Market Council

As the US economy grows wines showing the most positive growth trends are premium wines. According to 2014 Nielsen Ratings, wines retailing for \$20 and more showed the largest growth in the retail sales category, up almost 16%, while wines retailing between \$6 - \$8 exhibited the largest decrease of 3.2%.

Table 5: Wine Price Range

Price category	Value	% Change
----------------	-------	----------

\$0-\$2.99	\$814 million	-0.1%
\$3.00-\$5.99	\$3955 million	-1.0%
\$6.00-\$8.99	\$1720 million	-3.2%
\$9.00-\$11.99	\$3142 million	+7.2%
\$12.00-\$14.99	\$1295 million	+10.6%
\$15.00-\$19.99	\$783 million	+8.6%
\$20.00 & up	\$822 million	+ 15.7%
All wines	\$12539 million	+3.4%

Source: Nielsen Ratings

Although in the US beer consumption still dominates the market, according to the US Distilled Spirits Council, the market share for beer, in terms of supplier revenues, decreased from 56% in 1999 to 48% in 2014, while the market share for wine and spirits has been steadily increasing. In the US women drink more wine than men, as wine consumption trends increase due to the acceptance of wine as a part of the American lifestyle.

The 2015 Survey of American Wine Consumer Preferences by the Sonoma State University Wine Business Institute discovered some interesting behavior patterns in US wine consumption. The research sample included 1071 American wine consumers. 56% of respondents drink wine daily or several times per week and 44% drink wine occasionally. 59% of respondents were women and 41% men. 56% were Millennial between 21 and 37 years old, 23% Generation X and 21% Baby Boomers. The average annual income of the respondents was \$50,000 to \$69,000, with 18% making more than \$100,000 annually. 60% of the sample had college degrees.

5.3 Recent Consumer Behavior & Hot Wine Trends⁴

- Their favourite variety was chardonnay, although they prefer red wine to white. Their favourite wines are fruity, semi-sweet and smooth wines, while tannic wines are their least favourite.

⁴ Findings from Dr. Liz Thach MW

- An important finding is that the largest majority of respondents drink wine because they like the taste, followed by the social aspect of drinking wine and relaxing with friends.
- The two most important factors that influence their purchasing decision is based on price (72%), then brand (67%), followed by variety (36%) and country of origin (35%).
- 30% of respondents said they buy wine almost exclusively from a wine or liquor store and only 17% from a grocery store. Only 6% buy wine online.
- Of those drinking wine at home, 32% buy wine from \$10-\$15, 19% buy wine from \$15 -\$20, 14% buying wine over \$20.
- 51% said that they would spend \$7-\$10 for a glass of wine while, 15% said they would spend \$11-\$15 for a glass of wine.
- American wine consumers also engage in Oenotourism, with 58% of the respondents have visited a wine region.
- **Trading Up** – wine sales have increased in the \$12 – \$30 range and are expected to continue with the strong dollar, lower oil prices, and desire for more premium products
- **Sparkling wine** is “hot” – up 7% in 2014, and will continue to grow, especially Prosecco, creating opportunities for new sparkling brands.
- **Popular varieties** will continue to grow, like Cabernet Sauvignon, Chardonnay, Pinot Grigio, Pinot Noir and Sauvignon Blanc.
- **Oregon & Washington State** wines are coming on strong, with more growing interest in wine from these regions.
- **Rosé wines over \$12** performed well in 2014, with growth expected to continue into increase into 2015 and beyond.
- **“Eco” Friendly wines** are steadily gaining more attention with 16% of US wine consumers now looking for these labels. As consumers grow more concerned about environmental issues, the potential for organic, biodynamic and wines made using sustainable practices, are increasing.
- **Tetra Pak and 3 L Boxes** are selling well with continued growth expected in this segment.

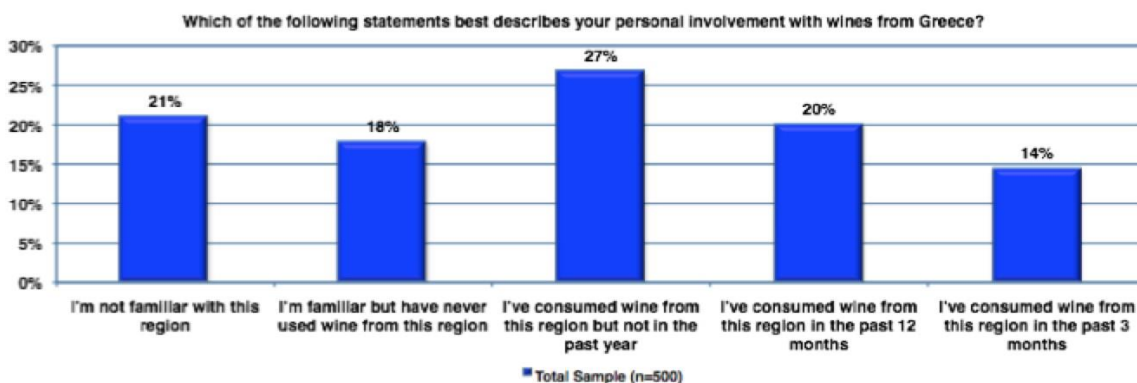
- **Wine Kegs** in restaurants selling both value-priced and premium wine by the glass are gaining positive attention from consumers, with continued growth expected.
- **Wine Apps** are growing in popularity with up to 36% of US consumers using them to check prices and reviews before purchase.
- **Wine Cocktails** are stirring positive reactions with Millennials (Franson, 2015), which offer an opportunity to create a new trend in “wine mixology.”
- **Fine wine category**, defined as \$20 and above per bottle, is showing the strongest growth.

5.4 Supply & Demand

- According to a recent, independent survey conducted in major US markets by AcuPOLL in 2014, 79% of regular wine consumers were aware of Greek wine and 14% of respondents had drunk a Greek wine during the 3 months preceding the poll. (Polling segment: 500 regular wine consumers, 21 years of age or older, with a household income higher than \$50,000, some college education, with respondents divided between New York City, Washington DC, San Francisco, Boston, Chicago, Houston, Dallas and Seattle).

Table 6: Consumer recollection of producing region for wines consume in distant periods

79% of the respondents were aware of Greek wine



Note: Consumer recollection of producing region for wines consumed in distant periods, such as past 12 months, is unreliable. Such reports should be seen as “awareness” but not actual consumption experience

Source: AcuPOLL

Research found that 63% of consumers, who were aware of Greek wine, were also willing to try them.

Table 7: Respondents Aware of Greek Wines

Research found that those who are aware of Greek wines are open to trying them

	All Respondents	Respondents Aware of Greek Wines
High Quality Wine	49.80%	57.22%
Good Value for the Money	47.60%	52.15%
Undiscovered Gem	43.40%	51.39%
Definitely Worth Trying	55.40%	63.04%
Heard a Lot About them	36.60%	46.58%
Appropriate for Any Occasion	48.00%	55.95%

Source: AcuPOLL

- The survey also showed that of those consumers who had already tried Greek wine, over 87% indicated were likely to try them again. Greek wines were ranked highest for the relationship between quality and value.

Table 8: Had Greek Wines in Last 3 Month

Research also found that those who had Greek wines are likely to try them again

	Had Greek Wines in Last Last 3 Months
High Quality Wine	54.93%
Good Value for the Money	87.32%
Undiscovered Gem	84.51%
Definitely Worth Trying	87.32%
Heard a Lot About them	90.14%
Appropriate for Any Occasion	81.69%

Source: AcuPOLL

- Similar positive results were revealed from 40 trade surveys conducted by Stonebridge research on behalf of the National Interprofessional Organization of the Vine and Wine of Greece and

taken from top wine professionals located in the same areas as the consumer surveys that were taken, showing strong support among those interviewed.

- **General comments from Trade Interviews**
 - o “Unique varieties and climates to produce food friendly wines”
 - o “Great history and stories”
 - o “Delicious and low price points”
 - o “Cachet for hipsters/unicorn wine for Somms”
 - o “Greece represents a pleasurable place, an idea of simplicity”
 - o “Need to hand sell the wines the first time, after that they sell themselves”
- According to the marketing research company, Wine Intelligence, Greece was included along with Spain, Argentina and Chile as wine regions growing in consumer importance in the US.

Table 9: Countries of Origin important to consumers

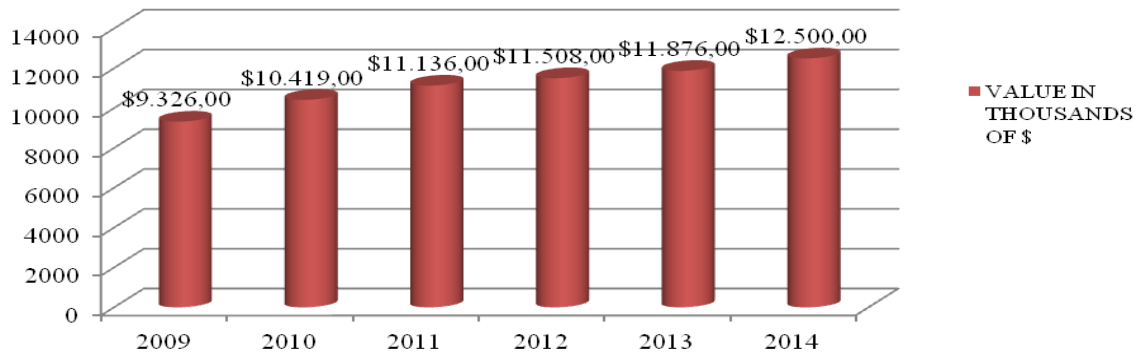
Which countries of origin are important to consumers?			
Markets	Core CoOs for consumers	↑ CoOs in growth	↓ CoOs in decline
	California / USA Australia France and Italy	Argentina (Malbec), Chile, Spain Greece (small base)*	Australia, France, Italy and Germany
	Australia + France SA, Spain, Italy and California	France and Spain	Australia, SA and California
	France and China	Australia, Italy, Chile	Germany, Portugal

Source: Wine intelligence, Vinitrac Global Mar11

The above mentioned Wine Intelligence info is supported by data from the US Government Census Bureau, indicating that sales of wine, beer and related products from Greece (which includes mostly wine) increased by 34% during the 6 years from 2009 to 2014 and in volume from \$9.3 million to \$12.5 million during the same period.

Figure 12: Exports of Greek Wine, Beer & Related Products to the US

Exports of Greek Wine, Beer & Related Products to the US



Source: US Government Census Bureau

A targeted media campaign for Greek wine in the US, using print and online outlets has helped create a growing awareness of quality Greek wine, with media “hits” now appearing regularly each week. From January through July 2014, Greek wine media impressions exceeded the 1 billion mark. It is also worth noting that besides regular media attention in well-known financial outlets including Bloomberg network, Forbes, The New York Times and The Wall Street Journal.

One of the major goals of the ongoing marketing campaign for Greek wine is to increase awareness of the value that Greek wine brings to the market for the high quality of wines being produced there. A direct and crucial result of the increased awareness of Greek wine has been their addition to the portfolios of many of the most well established importers in the US and the steady increase in sales. Well known US importers selling Greek wine include Terlato Wines International, Skurnik Wine Selections, Winebow, Frederick Wildman, Johnson Brothers, Verity and many more throughout the country.

Initially Greek wine distribution in the US was concentrated in the hands of importers from Greek origin, who also sold a range of other Greek food products and focused only on Greek communities. In today’s sophisticated wine markets, like New York, (where more than 50% of the sales of Greek wine occur), some from this group of Greek importers were not sufficiently knowledgeable about Greek wine and the wine industry in general, finding it difficult to relate to the new breed of well-educated

Sommeliers that have become the “gate keepers” for wine purchases and the leading trend setters on Social Media.

The image of Greek wine has changed dramatically since the US marketing campaign began in 2003. Prior to that, Greek wines were sold within predominantly Greek communities and restaurants or if they made it onto a mainstream restaurant list, were part of the “other” category. In order to

establish a separate niche for Greek wine it was determined that the main focus of marketing and education efforts should be targeted towards the mainstream market and outside Greek communities.

In the competitive US market, importers and distributors also require financial, marketing and sales support from suppliers in order to be included in their sales portfolios, something that Greek producers were not accustomed to. One result of the marketing efforts for Greek wine was to help Greek producers become familiar with the US distribution system and what it took to compete with wines from around the world.

Although distribution is spreading throughout different US markets, the bulk of distribution is still concentrated along the east coast with the New York/New Jersey markets representing over 50% of the sales of Greek wine in the US. Greek wine is beginning to achieve a sort of “cult” status among the NY Sommelier communities, because of their native varieties and terroir, especially regions like Santorini. Other cities where Greek wines are more available include Washington DC, Chicago, San Francisco, Philadelphia followed by emerging markets like Atlanta, Boston, Houston, Dallas, Seattle and Miami. Emerging wine markets, located in southern, central and western states, like Oklahoma, Minnesota, Colorado, Nevada, Arizona, Ohio, North & South Carolina are under-represented by most wine regions around the world. Because of the lack of available wines and reduced competition, these states offer a very real and increasing potential for Greek wine sales.

Sommeliers represent an important target of Greece’s marketing strategy with significant resources dedicated to build awareness in this influential segment of the trade. As the “gate keepers” and trendsetters in today’s restaurant scene, Sommeliers are always looking for new and unique wines to introduce their customers to and Greek wine fits this profile well. According to the annual Wines & Spirits Magazine Restaurant Poll, which surveys sommeliers from top restaurants around the US about the wines they serve their customers, Greek wine has established itself as in its own category in recent years. In fact, Greek wines are regularly listed among the top 50 wines poured in “by the glass programs” around the US.

Retail wine outlets have also been the focus of marketing and sales efforts in recent years, which have supported the recent increases in retail sales of Greek wine. In a 2014 a survey conducted by the Greek Wine Bureau of North America in the NY metro area, Greek wines were sold in more than 1200 restaurants and retail outlets combined (figures taken from only a segment of distributors that were willing to take part in the survey). As the Stonebridge study showed, there is not only demand for different Greek wineries to enter the market, but also demand for additional labels from existing wineries in distribution. The same study also indicated increased demand in retail outlets for quality Greek wines in the \$12-\$15 price category.

The island of Santorini has become a “flagship” wine-producing region that is leading the way for building awareness of Greek wine not only in the US, but also worldwide. The island has 35 of its own

native grapes with Assyrtiko as the main variety grown there. The fast growing awareness of the wines of Santorini is due not only to the awareness and popularity of island as a top tourist destination, but because of the world-class wines being produced there. The island's culture of wine dates back over 4000 years and is the oldest continuous vineyard still under cultivation in the world. The consensus among those in the trade familiar with these wines, including author Jancis Robinson MW, NY Times wine critic Eric Asimov, Wine Advocate critic Mark Squires, Wine Spectator Managing Editor Kim Marcus, Wine & Spirits Executive Editor Tara Thomas and many others Santorini has the potential to become the next great white wine producing region in the world. This fact was also confirmed in the trade interviews conducted for this survey.

After Assyrtiko, many in the trade believe that the red Xinomavro variety from northern Greece has a similar potential to become ranked among the top red wines of the world. Of the more than 300 Greek indigenous grapes, the large range of dry, crisp, un-oaked white wines has been the strongest category of Greek wines to gain in popularity. The full range of rosé and sparkling wines being produced throughout Greece, and made from native varieties, is also showing great potential as the demand for these styles of wines is increasing.

5.5 Barriers to Trade

- There are several issues that have negatively affected the exports of Greek wine as a result of the economic problems, precipitated by the global crisis which began in 2008. One of the most harmful consequences has been the considerable delay in getting products to market because of harbor strikes in Greece's major ports. Capital controls imposed in 2015 have handicapped production because of the inability of Greek producers to import and pay for products involved in wine production like bottles, corks and other necessary items.
- The most difficult obstacle that Greece and other wine regions face is establishing a viable national distribution network in the complex web state markets due to the effects of the 3-Tier System.
- Another has been the lack of sufficient financial resources to support winery marketing and sales support for export markets, especially with small Greek importers.
- Lack of awareness of Greek wine to the end consumer continues to be an ongoing challenge to common marketing efforts as well as the need for education among the American distribution companies that are adding Greek wines to their portfolios. Efforts are being increased to provide training to distributor sales staff from producers and the national Greek wine marketing campaign.

- According to the US trade surveys conducted for the needs of this report, some of the important issues restricting trade include:

- o Lack of education in retail outlets and distributor sales representatives
- o Unfamiliar Greek grapes and regions
- o Difficulty of Greek language and pronunciations
- o Confusing wine labeling
- o Availability of entry level Greek wines with competitive prices in order to capture B and

- o C account business
- o Need for better POS materials for retail outlets

- Importers also complain that they are not provided enough product samples hindering their ability to introduce the wines, especially wines from unfamiliar grape varieties.

- The US market has shown a distinct preference for Greek wines produced from native varieties, which has created significant problems for Greek wineries that focus on international varieties. Although Greece produces high quality wines by international grapes (estimated to about 20% of grape production), Greece is unable to compete on price with other countries around the world for wines made from international varieties because of significantly higher production costs.

5.6 Competitive Landscape

- The US market is considered one of the most difficult markets to compete in because of the consolidation of distribution caused by the 3-Tier System and the amount of different wine producing regions all vying for a share of the market. According to Stonebridge, there are approximately 100,000 new wine labels approved each year in the US.

- One of the positive trends in the US is that wine consumption is increasing, as it becomes a part of the mainstream American lifestyle. In addition the percent of imported wines is increasing each year.

- Competition is severe in all price segments in the US market, but in the lower than \$12 in retail category Greek wines do not compete well, because of high production cost relative to other wine regions. Fortunately, Greek wine is competitive in the middle to upper categories, especially in the \$20 and above which represents one of the higher percent increases than any other price category. According to Nielsen, in 2014 wines in \$15-\$20 price range were up 8.6% and wines over \$20 were up by 10.6% in the retail wine market.

- Due to advances in technology, the ability to create good quality wines is taken for granted, but has had the effect of causing a “globalization effect” in wine production, where wines from the same grape varieties, but from different regions around the world, are difficult to tell apart. Current trends are moving away from technology driven wines and toward more unique terroir-driven wines that show a distinct sense of place. Greece’s native varieties and broad range of terroir offer differentiation in a market where the same international varieties are produced in most regions around the world.

- Wine Culture: Greece is the world’s oldest culture of wine and the first to fully integrate wine into the daily routine since ancient times. For Greece, wine has always been an integral part of the culture and revered since ancient times by the Gods of mythology. American consumers want to learn the story behind the wine and Greece’s winemaking tradition provides the background for a rich array of stories to tell.

- Excellent QPR: Although Greek wines are not competitive in the lower pricing categories, they do offer an excellent ratio of quality to price in the medium to upper end price categories. Because Greek wines are generally from low production, boutique style wineries, the focus has been to establish a niche in the medium to premium categories where they compete favorably.

- Food Friendliness: At the time when the American consumer is starting to turn away from over oaked and highly concentrated wines, Greek wines offer an excellent example of elegance with relatively lower levels of alcohol, crisp acidity and exciting aromas that together make wines that go with all cuisines from around the world.

- The food culture in the US has become extremely sophisticated and health conscious, creating a marketing opportunity for Greece where the Mediterranean Diet originated. The Greek wine industry can capitalize on this trend by food & wine events and utilize the added value of Mediterranean Diet in their marketing efforts.

- As the survey questionnaires indicate, Greece and the Greek lifestyle evoke positive images, which is another marketing advantage that Greek wine can use by association.

- The consensus among American trade is that Greece is very competitive in the dry white wine category. Greek white varieties display an array of floral and fruity aromas with crisp, clean, mineral flavors. They have wonderful acidities that go well with a variety of international cuisines and support the new trend away from the over-oaked whites that have dominated the international wine scene.

5.7 Recent Developments & Prospects for Greek Wine

- Younger, millennial wine drinkers are seeking new experiences and are more willing to experiment with new and unknown wines. Greek wines offer them a chance to travel “virtually” to Greece and a chance to differentiate themselves. This provides an opportunity for an emerging wine region like Greece, which has something different to offer the market with their native grapes.
- According to a recent research by Wine Market Council, 31% of Millennials that participated in the research had bought a Greek wine in the past 3 months prior to the poll in comparison with 7% of Baby Boomers.

Figure 13: Past Three Month Purchasers of Imported Wine by Country of Origin



Source: WMC – High Frequency Tracking Study, November 2014

- Millennials are frequent users of the internet. According to the research conducted by the Sonoma State University Wine Business Institute, 80% of the respondents in the survey used Face book, 41% YouTube and 39% Twitter and other social media networks while a 76% of the respondents own a Smart Phone (36% use smart phone to check prices on wine and 23% use wine apps to decide which wine to buy).

Table 10: Use of smart phones by millennials

Have a smart phone	76%
Use smart phone to check prices on wine	36%
Have wine apps on smart phone	24%
Use apps to get coupons on wine	24%
Use wine apps to decide which wine to buy	23%

Source: Sonoma State University Wine Business Institute

- The Greek wine industry has taken advantage of Social Media as it has grown in importance and utilizing the internet's potential by building a database of interested consumers and trade to expand awareness and education of Greek wine.

Millennials rely on their smart phones to supply information for their purchase needs. Greek wine apps need to be created that are integrated with buying opportunities.

- There is a significant demand for rosé wines in the US. According to the Vins de Provence, in 2014 the demand for premium rosé wines in the US increased by 52% in value and 41% in volume compared to the previous year, while the average price is above \$16. In support of this trend, Greek wineries are producing a full range of rosé wines made from local native varieties, including dry and semi-dry, good acidity and structure, as well as rosés with different aromatic qualities. Greek wine has developed a reputation for the production worldclass rosé wines and should capitalize on the increasing popularity of this versatile style of wine.
- The latest success story in the US and throughout the world is the increase in popularity of Prosecco wines, which coincides an increased production of quality Greek sparkling wines at affordable prices.
- Greece can take advantage of the popularity of the trend for red wine blends in the US. Greek blends such as Xinomavro/Merlot and/or Syrah, Agiorgitiko/Cabernet Sauvignon and Kotsifali/Syrah and others take advantage of combining indigenous grapes, popular with trade together with international varieties well known to consumers.
- Organic, Natural wines & Biodynamic wines: Although these still represent a minor category in the US wine industry there is a demand that Greek wine can take advantage of.
- Greece is one of the top tourist destinations in the world, so there is an opportunity for wine to capitalize on this popularity. According to the Bank of Greece, during the first 6 months of 2015, the number of American tourists that visited Greece increased 41.6% over the same

□

period the previous year, reaching 286,000 tourists, while revenue from their spending was up 32.9% reaching 305.9 million euros.

- Wine tourism, which is a growing segment of Greek tourism, can help create the same connection between Greece and its wine's tradition as other popular tourist destinations with winemaking traditions, like France and Italy. According to the survey by the Sonoma State University Wine Business Institute, 57% of respondents had visited a winemaking region.

Another trend that has begun to show some influence in the market is the weight of bottles used for wines. Many wineries, including several in Greece, are using large, heavy bottles that are believed to contribute to the perception of quality for the wine inside. There is a growing concern among the US trade about the use of heavier bottles that leave a larger carbon footprint, while many Sommeliers have begun to turn away from them. In addition, the extra weight adds to the cost of shipping and makes them more difficult to handle, in general.

- The increasing popularity of quality Keg wine is another promising trend to be taken advantage as restaurants and bars have embraced this format that has grown due to better transportation conditions and the use of Flexi Tanks.

5.8 Current Marketing Initiatives

- As previously mentioned, the Greek wine industry created the first promotional campaign for quality Greek wine in 2003, which began as a private initiative of a small group of wineries that eventually developed into a national campaign sponsored by the Greek National Interprofessional Organization of the Vine and Wine and the Hellenic Foreign Trade Board.
- In 2010 the Greek Wine Bureau of North America was created with the goal of designing and managing the national promotional campaign for Greek wine in the US and Canada.
- Educational activities with Sommeliers, Chefs as well as other professional organizations and University food and wine programs. The activities include cooperation with the Guild of Sommeliers, the Society of Wine Educators, the International Wine Center, the Culinary Institutes of America, The Johnson Wales College of Culinary Arts, the UC Davis, the Cornell University, the Harvard School of Public Health, and the IWEG in Canada etc.
- Annual Road Show events attended by Greek winemakers, which include walk around tastings, workshops and winemaker dinners in major metropolitan areas. Locations include



the major wine media markets of New York and San Francisco as well as Chicago, Atlanta and Washington DC.

- Press & Trade Familiarization trips to the Greek vineyards.
- Participation in important trade events such as the TEXSOM Conference, the Culinary Institute of America's World of Flavors.

Participation in trend setting trade and consumer festivals such as Aspen Food & Wine Festival, Telluride Wine Festival, Epcot International Food & Wine Festival, Washington DC Wine & Food Festival, Boston Wine, Gourmet Food & Wine Festival in Toronto.

- Organization of the inaugural consumer Taste of Greece event in NY featuring Greek wine, food, culture and lifestyle.
- Social Media Marketing.
- Advertising in major wine and food print and online outlets.

5.9 US SWOT Analysis

Strengths

- Unique Native Varieties
- Long history of Winemaking-Culture
- High Quality Wines
- Food Friendly Wines
- Excellent QPR
- Variety of Wine Styles & Flavors
- Consistency from Vintage to Vintage
- Production of wines with a sense of place (Terroir driven wines)

Weakness

- Lack of awareness of Greece as a quality wine region
- Unfamiliar regions and native grapes
- Unfamiliar language, difficult pronunciation
- Over use of oak for reds



- Lack of connection between tourism and wine tradition
- Confusing Labels (often with Greek language)
- Need for more sales support from wine producers
- Need for more distributor education and support from Importers

Opportunities

- Steadily increasing per capita wine consumption in the US
- Largest consumer of wine in the world
- Large Millennial segment, willing to try new and unknown varieties
- Demand for terroir-driven wines made from unique grapes
- Positive perception of Greece as a tourist destination
- Tourists that have travelled to Greece are open in trying the wines
- Positive impression after tasting Greek wine
- Favorable Euro exchange rate
- Ongoing marketing and educational activities
- Positive publicity for Greek wine and high ratings from Media & Trade
- Food, wine & cultural events are popular and can be expanded
- Popularity of high-end Greek restaurants with good Greek wine lists
- Mediterranean diet remains top of mind
- Production of trending wine styles (rosé, sparkling)
- Growing production of organic, biodynamic and natural wines

Threats

- 3-Tier distribution system-Applied for all imported wines
- Lack of national distribution networks in the US that limit wines to a small number of markets
- Need for more importer focus on retail market
- Inability of small Greek importers to expand into multiple markets
- Lack of consistent wine production quantities to sustain growth
- Need for more investment by importers/producers in sales/marketing
- Greek economy problems, capital controls



Conclusions

- By focusing on the important and influential US Sommelier community and supporting organizations, like the Court of Master Sommeliers, Greek wine marketing efforts have established a solid foundation for building awareness of Greek wine in the US. Since 2010, the importance of traditional print media has been diminished substantially at the expense of Social Media Marketing, while at the same time Sommeliers have taken over control of the “conversation of wine”, previously held by traditional wine critics. In addition the rating systems created by influential wine critics like Robert Parker, that changed consumer’s perception of what constituted a quality wine, have little impact on Millennials, the largest US consumer segment that have no allegiance to these ratings systems and open to experiencing unknown and non-traditional wine regions.
- In spite of the difficult economic problems that have kept Greece in recession since 2008, with one of the highest current rates of unemployment in the world, the Greek wine industry has managed to survive and grow, but grow in the US market as the category of quality Greek wine becomes more and more established.
- Greek winemakers took collective responsibility for creating a national marketing initiative to support their export activities, first privately and then through EU and Greek government financial support, thereby securing the long-term success of the Greek wine industry.
- Greece has received an unprecedented amount of positive publicity in the media and trade, especially for the relative small size of production, which has provided the conduit through which consumer interest has been increased.
- Although distribution has improved dramatically in the last 10 years, additional substantial financial investment will be required over the next 10 years by importers and the wineries, in order to create the necessary national distribution network to support the current growth of the Greek wine sector.
- As it is clearly mentioned in the 2014 Study on the competitiveness of European Wine, by COGEA SRL on behalf of the European Commission it is essential for the European wine sector to increase the availability of EU funding for promotion of EU wine outside the EU. In this study the US is considered one of the main markets which should be given priority when making these investment decisions.

The study mentions that for the US the following activities should be considered: 1) strategies such as developing communication and advertising to traders and to consumers, 2) public relation activities

with importers and distributors, 3) organization of visits to wineries by clients and 4) granting of higher profit margin to distributors/retailers.

Key Note: Most of the activities included in the Greek wine campaign in the US during the last decade coincide with the list of activities referenced in the above study. It is therefore imperative to continue and expand the promotional and education campaign currently in place.

6. Canada

6.1 Canadian Market Overview

Canada continues to be one of the world's wealthiest economies with positive growth rates projected in the future. Canadian wine consumption is also growing at a consistent rate, with imported wine representing the largest segment of wine consumption there, as wine continues to increase in importance as part of the Canadian lifestyle. Canada is ranked 7th in the world for wine purchased, based on gross value and is currently the 4th largest export market for Greek wine. The combined provinces of Ontario and Quebec represent over 90% of the total sales of Greek wine in Canada and are where recent marketing efforts have been concentrated due to the potential for continued growth there. Because of these factors, the Canadian portion of this study will be focused on the provinces of Ontario and Quebec.

Note: Most other provincial markets in Canada are still in the early stages of wine market development, in general, with little or no sales of Greek wine. Currently, they represent too small a potential for the size of marketing expenditures that would be required to make a sufficient impact for Greek wine sales, at this time. The government liquor control board of British Columbia, which has begun to carry a limited number of Greek wines, is showing potential as the next provincial market for Greek wine and is being considered for future marketing plans in Canada, depending on available budgets.

- Canada is the 11th wealthiest nation in the world with a yearly GDP per capita of \$51,958.38 (2013), increasing at 0.3% per year. Unemployment was at 7.1% in 2014. The Canadian 2015 census showed a total population of 35.8 million.
- The average yearly population growth rate in Canada has been between 8%-1.2 percent over the last 30 years, making it the highest growth rate of any G8 country over this period. By 2063, the population is expected to reach between 51-63 million.
- By 2018 wine consumption in Canada is expected to increase by 4.1% to 16.4 liters yearly per capita from the current level of 15 liters. This is significantly lower than countries like France (43 liters) and Italy (35 liters), which represents substantial potential for future growth in Canada.
- Although Canada is not among the top 20 countries in yearly per capita wine consumption, they are 7th in the world (\$6.1 billion) in total consumption based on value, indicating a preference for more expensive wines.

- In Canada, 75% of wine consumed (32.7 million cases) is imported and is the 6th largest consumer of imported wine in the world, by volume.
- According to Vinexpo, consumption of imported wine in Canada is expected to increase 7.8% by 2018. This projected rate of growth is 3 times the average increase, worldwide.
- Imports of wine in Canada have been increasing steadily for the past 5 years. In 2014 sales of imported wines reached \$2.14 billion (385 million liters).
- Between 2010-2014, imported wines increased by 22.5% in value and 9.96% in volume.
- Canadians have historically shown a preference for wines of France and Italy, but in 2014, for the first the US became the top imported country. The top 10 markets for imported wine in Canada are listed below. Together they represent 94.8% of imported value and 97.5% of volume.
 1. United States
 2. France
 3. Italy
 4. Australia
 5. Spain
 6. Argentina
 7. Chile,
 8. New Zealand
 9. Portugal
 10. South Africa.
- Importation and distribution of all alcohol products in Canada (except for Alberta) are controlled by provincial government liquor boards (monopolies).
- Canadians consume a much higher percentage of red to white wines (2014: 59% red, 37% white & 4% Rosé), while white wine consumption is projected to grow faster than that offered wines. Even though Canadians, in general, consume more red than white wines,

some regional differences exist, like in British Columbia where consumption of white wine is higher.

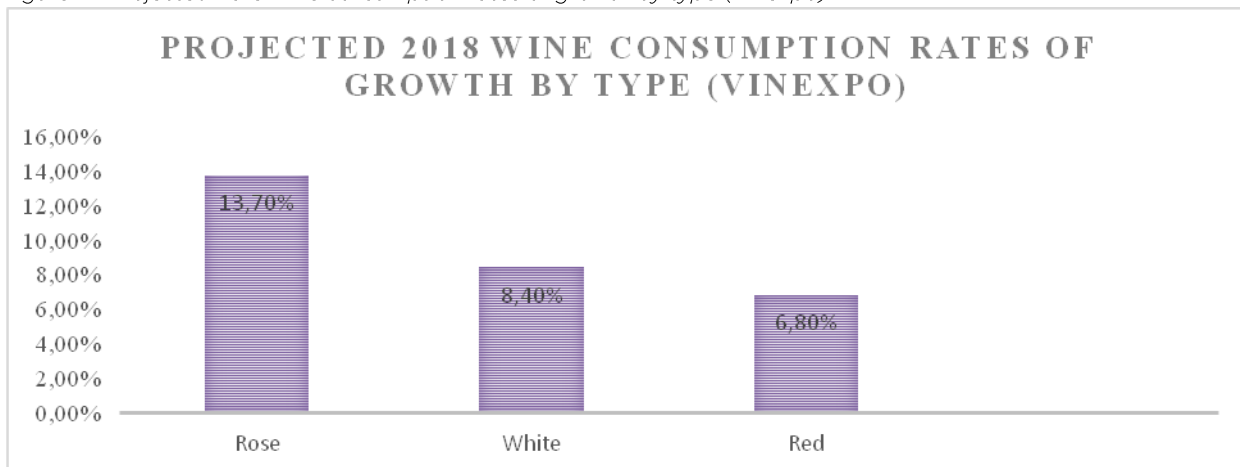
Projected 2018 Consumption Rates of Growth by Type (Vinexpo)

Rosé + 13.7%

White +8.4%

Red: +6.8%

Figure 14: Projected 2018 wine consumption rates of growth by type (Vinexpo)



Source: Vinexpo

" Canada is currently the 4th largest export market for Greek wine, with sales increasing by 31% over the last 5 years

2010: \$3,995,906

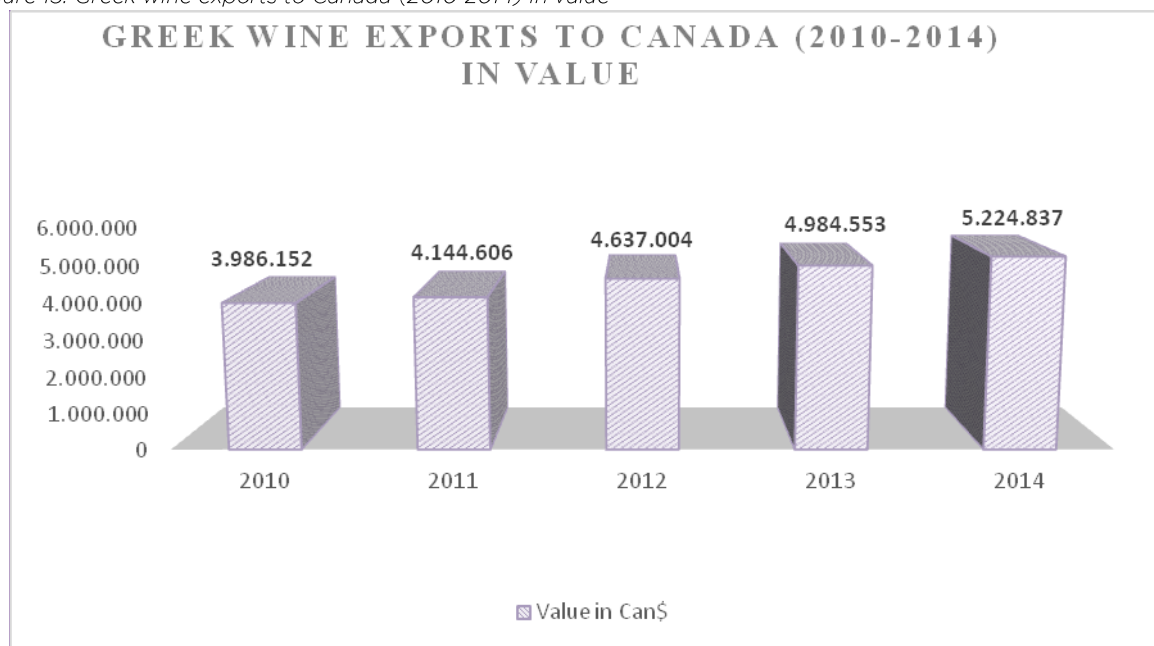
2011: \$4,158,131

2012: \$4,651,183

2013: \$5,009,022

2014: \$5,243,512

Figure 15: Greek wine exports to Canada (2010-2014) in value



Source: Canada Census Bureau, Processed by All About Greek Wine

6.1.1 Ontario Market Overview

- Importation and distribution of wine in Ontario is controlled by the LCBO (Liquor Control Board of Ontario). The LCBO is an Ontario government enterprise and one of the world's largest buyers and retailers of beverage alcohol. With well over 6000 employees, servicing more than 650 retail stores, 210 agency stores, catalogues and special order services, the LCBO offers over 24,500 products annually to consumers and licensed establishments from more than 80 countries. The LCBO also views its social responsibility seriously, supporting initiatives to encourage responsible consumption and entertaining, as well as involvement in civic activities such as fundraising for charitable organizations, as part of its corporate mandate. The LCBO also seeks to reduce the "carbon foot-print" created by its business

related activities, like requirements for lighter, more environmentally friendly bottles used by their suppliers, which has the added benefit of reducing shipping related costs.

- The volume of wine sales in Ontario grew by 5.3 million liters or 3.2% in 2014. Imported wines represented 61.3% of all wine sold in Ontario, increasing 3.1% in 2014, which accounted for 59% of the increase in volume.
- The LCBO's net sales reached \$4.99 billion in 2014, an increase of \$105 million or 2.2% over the previous year.
- In 2014 sales of Greek wine reached \$1.9 million (from \$1.6 million in 2010), representing a 19% increase.
- The average retail price for a 750ml bottle in Ontario is \$9.87.

LCBO products are sold in 3 main categories:

1. General List (GL)
2. Vintages
3. Private Ordering

Ontario/LCBO General List

- **General List (GL):** These are products available on a regular, year to year basis and subject to sales volume quotas. GL wines are geared mostly for early consumption, although some can be cellared.

Key Note: Any wine selected for GL will be required to meet specific sales quotas set by the LCBO. If these quotas are not met, the wine will be de-listed, with the likelihood that it will not get listed again.

Proper planning, marketing and support must be in place as part of a wine's application for GL, otherwise the listing will not be successful in meeting quota requirements.

- In 2014, the LCBO had net sales of \$1.33 billion, an increase in volume of \$31.1 million or 2.4% from the previous year.

Key Note: Return on investment and maintaining profit margins play a key role in the decision making process for which wines will be selected for any wine listed in the LCBO. Marketing budgets and premium promotional space is usually allocated to wines with a proven track record. In GL the LCBO's actions indicate support for mass-appeal, lower priced (\$10 on average per bottle) wines, with

Vintages providing an outlet for higher quality, more expensive wines (\$20+ per bottle). Recently the LCBO established a prototype “Regional Boutique Section” in one of its stores as a way to introduce unknown and emerging regions, with Greece as the first regional test case. According to the LCBO, the Greek boutique section has met its expectations, with other regions to be featured in subsequent stores, indicating there is room in the LCBO’s long-term marketing scheme for increasing market share of unknown regions with sales potential and something unique to offer.

- The *New World* wine category posted strong growth, with traditional leaders California increasing 14% and New Zealand 12%, respectively.
- Consumers continue to favor red blends, especially from California (up 46%), along with crisp, aromatic New Zealand Sauvignon Blanc (up 17%). This trend has hurt sales from Australia and South Africa, which continued to decline.
- For all *New World* wine producing countries, Cabernet Sauvignon, the largest single varietal wine purchased, was up 3.7%, followed by Pinot Grigio at +3.2% and Moscato +47%.
- In 2014, a new and robust Licensee Only Program (Restaurants) also delivered good results, up 51%, (based on a relatively small beginning sales base).
- Sales of European wines in 2014 were up 2.5 % over last year.
- Italy, which accounted for 47% of sales, grew by 2.6%. The Ripasso subset remained particularly strong, gaining 9.5%, while whites continued to be dominated by Pinot Grigio, which increased 2%, accounting for 59% of all Italian white wine sales.
- France, which makes up 27% of total sales, saw an overall increase of 2%. The increase was partially due to growth in subsets such as red Cotes du Rhone (16.5%) and Chablis (21%).
- Continued Growth was also seen from Spain and Portugal, increasing in sales by 12.3% and 5.2% respectively.

Ontario/LCBO Vintages

Vintages: a business unit of the LCBO that sells wines which are generally more upmarket than those on GL. The GL wines can be divided into three broad categories: 1) New Releases 2) Essentials 3) Classics.

New Releases: An assortment of wines and spirits released bi-weekly (every other Saturday). There are approximately 125 products in each New Release, where quantities are often limited and sell out the day of release.

Essentials: These wines are a combination of GL wines and Vintages New Releases. They are a collection of 100 customer favorites, are always available and tend to be from well-known producers.

Classics: These are top quality wines and accordingly are likely to be quite expensive. Classics are released monthly and can be purchased by phone or online.

Ontario/LCBO Vintages Sales

- Vintages net sales in 2014 totalled \$439.9 million, an increase of \$9.3 million or 2.2 % from 2013,
- The majority of Vintages' year to year growth was driven by its successful retail programs.
- While the Front Line New Releases program generated \$238.0 million (54.1%) of sales, the greatest growth came from the Essentials program, which rose 6.2% to \$176.6 million.
- Products from the United States topped all countries in sales, with California leading the way, ending the year at \$95.4 million in sales, up 11.3% over the previous year.
- Most of this growth was in the **\$20-\$24.95 price band**, where California accounts for 46% of all Vintages red wine sales within this price band.
- This is consistent with California's net sales per litter, which is at \$29.32, by far the highest of any category in Vintages.
- California offers 3 strong red varietal wines: Cabernet Sauvignon, Zinfandel and Pinot Noir, increasing at 14.5%, 19.5%, and 18.6%, respectively.
- Spanish red wine sales increased 15.3% to \$16 million. Efforts to drive premium Spanish red wine product sales resulted in a Front Line Release price point of \$21.36 in 2014, an average increase of \$1.47 from 2013.
- French wines sales increased 6.4 % to \$53.6 million, with the regions of Burgundy and Rhone ^ gaining the most traction in terms of sales growth. New Zealand white wine sales per up 15.2 % to \$29.5 million.

Ontario/LCBO Vintages-Future Plans

- In 2015, the Vintages segment is expected to grow 2.1 % to \$449.3 million. The bulk of the growth is forecast to come from the Essentials group. This is the result of a change in product mix, where 30 of LCBO's top collaborative and release brands will be moved to Essentials. Margin is expected to increase at the rate of 2.2 % to reach \$214.0 million. Consistent with

Vintages' reputation for premium products, the focus will remain on products priced above \$20.

Ontario/LCBO Private Ordering

Private Ordering-Specialty Services was established to allow agents and consumers to obtain products that are not sold in LCBO stores. Agents use this service to obtain wines for restaurant sales and consumers for private consumption.

Virtually any product in the world can be requested through Private Ordering, provided the LCBO is given appropriate supplier information and orders are by the case.

Key Note: Once a Private Order is placed, the importing process can take up to six months, depending on the product's point of origin.

Ontario/LCBO General Sales

- Net wine sales in 2014 were \$1.334 billion, representing a \$31.1 million or 2.4% increase from the previous year.
- Sales of wine in the Ontario grew by 5.3 million liters or 3.2% in 2014.
- Imported wines, representing 61.3% of all wine sold in Ontario, increased 3.1% in 2014 compared to the previous year, accounting for 59% of the increase in volume.
- Premium wines retailing for \$15+ (750ml), increased 8.2% in 2014, while lower-priced wine products were essentially flat, down 0.4 % compared to 2013.
- Sales growth among premium products continued to exceed that of lower-priced products in 2014.
- The 2014 average price per litter was \$13.16 or \$9.87 for a 750ml bottle.
- Average Net Sales Price Per Litter, Last 5 Years (Excluding Sales Tax)

\$ 13.16 (2014)

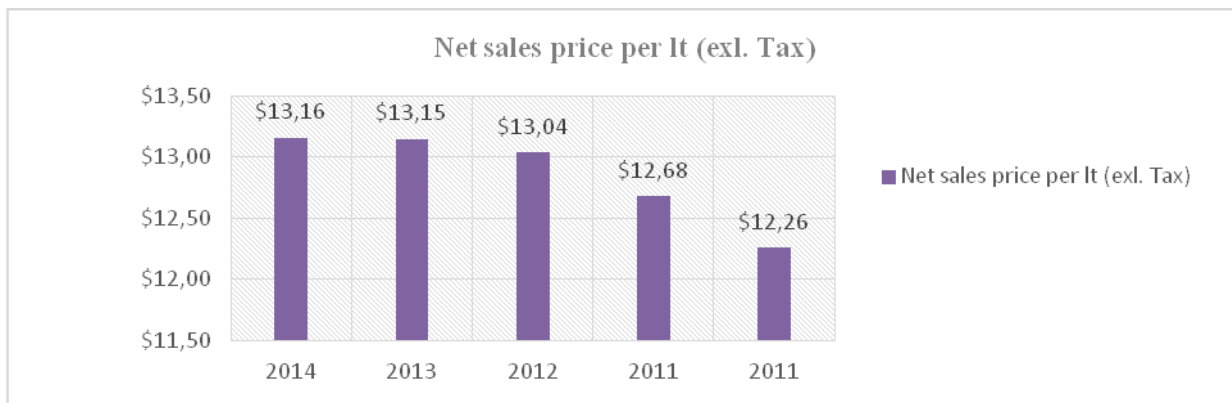
\$ 13.15 (2013)

\$ 13.04 (2012)

\$ 12.68 (2011)

\$ 12.26 (2010)

Figure 16: Net sales price per lt



LCBO Annual Report 2013-14, Processed by All About Greek Wine

Breakdown of LCBO Alcohol Sales by type (x1000 liters)

2014 (% of total)

Beer 247,488lt (51%)

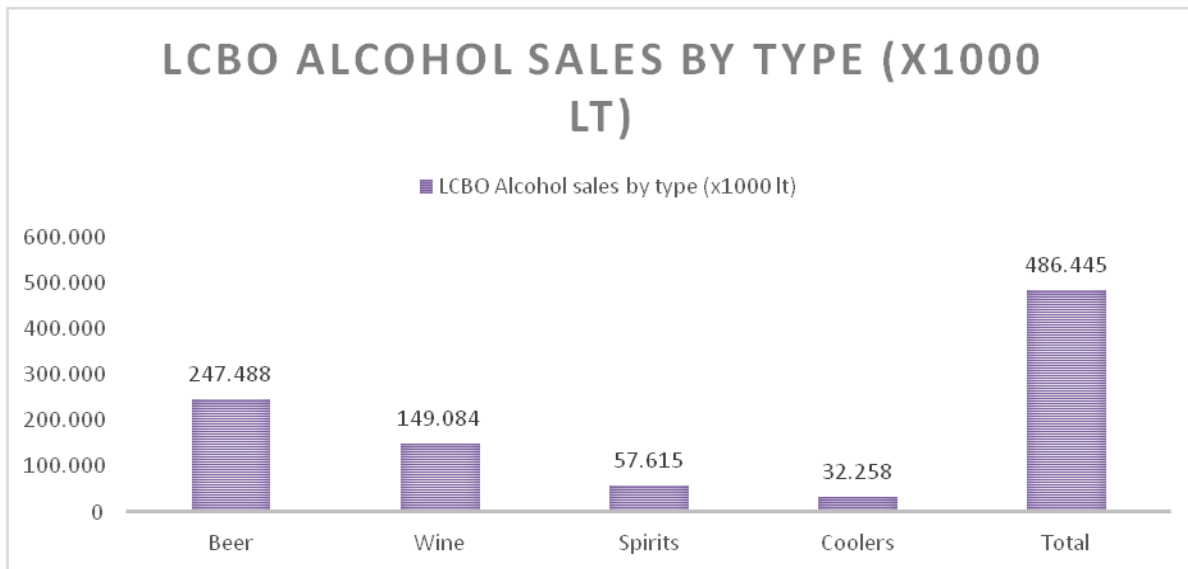
Wine 149,084lt (30%)

Spirits 57,615lt (12%)

Coolers 32,258lt (7%)

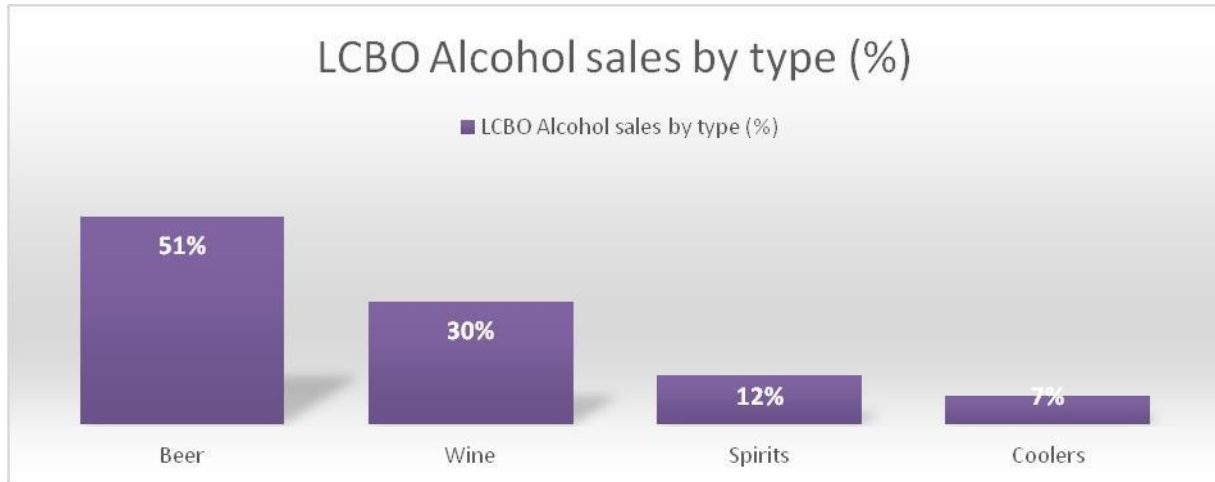
486,441lt (Tot 2014)

Figure 17: LCBO Alcohol sales by type (x1000lt)



Source: LCBO Annual Report 2013-14, Processed by All About Greek Wine

Figure 18: LCBO Alcohol sales by type (%)



LCBO Annual Report 2013-14, Processed by All About Greek Wine

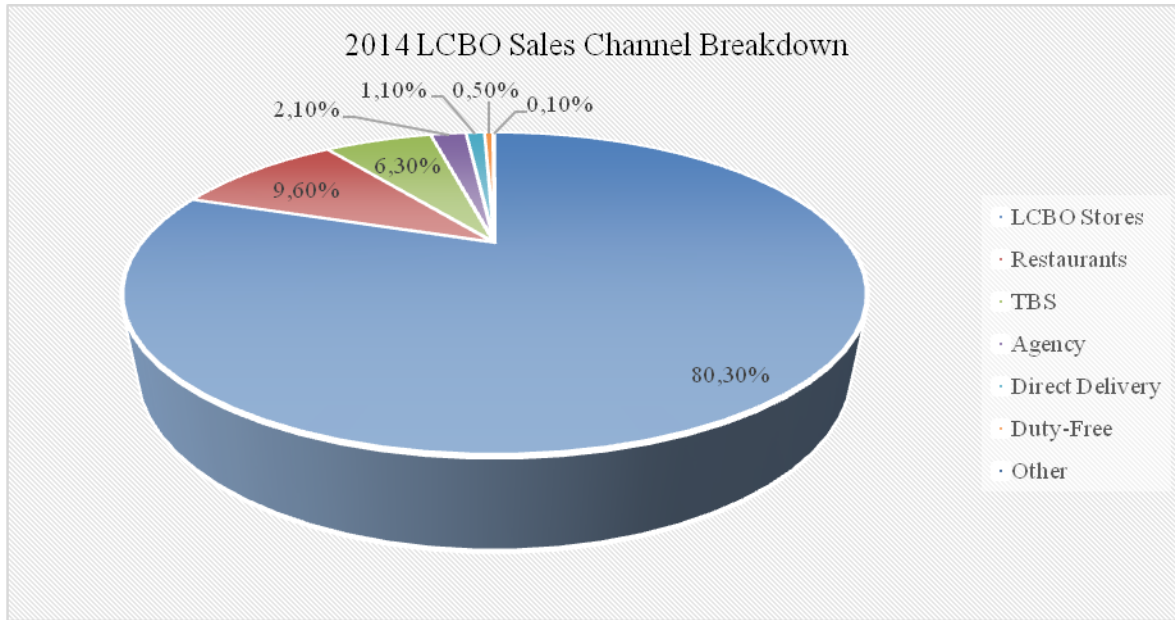
Table 11: LCBO Sales Channel Breakdown (increase/decrease 2013)

LCBO Stores	80.3%	\$ 4,014,771,000	+2.4%
Restaurants	9.6%	\$ 481,579,000	+2.2%
TBS	6.3%	\$ 312,060,000	-1.0%
Agency	2.1%	\$ 103,170,000	+1.0%
Direct Delivery	1.1%	\$ 56,385,000	+3.3%
Duty-Free	0.5%	\$ 25,996,000	-3.3
Other	0.1%	\$ 5,378,000	+23.0%
Total Sales		\$ 4,999,339,000	+2.2%)

Source: LCBO Annual Report 2013-14, Processed by All About Greek Wine

Note: Bars and restaurants retained the 2nd largest LCBO sales channel, rising 2.2 % in 2014 to \$482 million from 2013.

Figure 19: 2014 LCBO Sales Channel Breakdown



Source: LCBO Annual Report 2013-14, Processed by All About Greek Wine

Table 12: 2014 LCBO Sales Channel Breakdown in Scan in Litters

Canada	\$ 409,872,835	40,277,213
Ontario	\$ 404,211,217	39,915,477
Italy	\$ 314,150,252	22,635,498
United States	\$ 275,807,103	17,639,853
France	\$ 197,054,326	10,389,093
Australia	\$ 188,044,373	12,436,702
Chile	\$ 92,975,233	8,352,737
Argentina	\$ 78,632,517	6,280,361
New Zealand	\$ 52,727,797	2,521,100

Spain	\$ 48,276,691	2,934,362
South Africa	\$ 39,493,184	3,154,325
Other	\$ 110,577,482	13,330,044
Total	\$ 1,807,611,793	139,951,288

Source: LCBO Annual Report 2013-14, Processed by All About Greek Wine

Figure 20: 2014 LCBO Sales Channel Breakdown

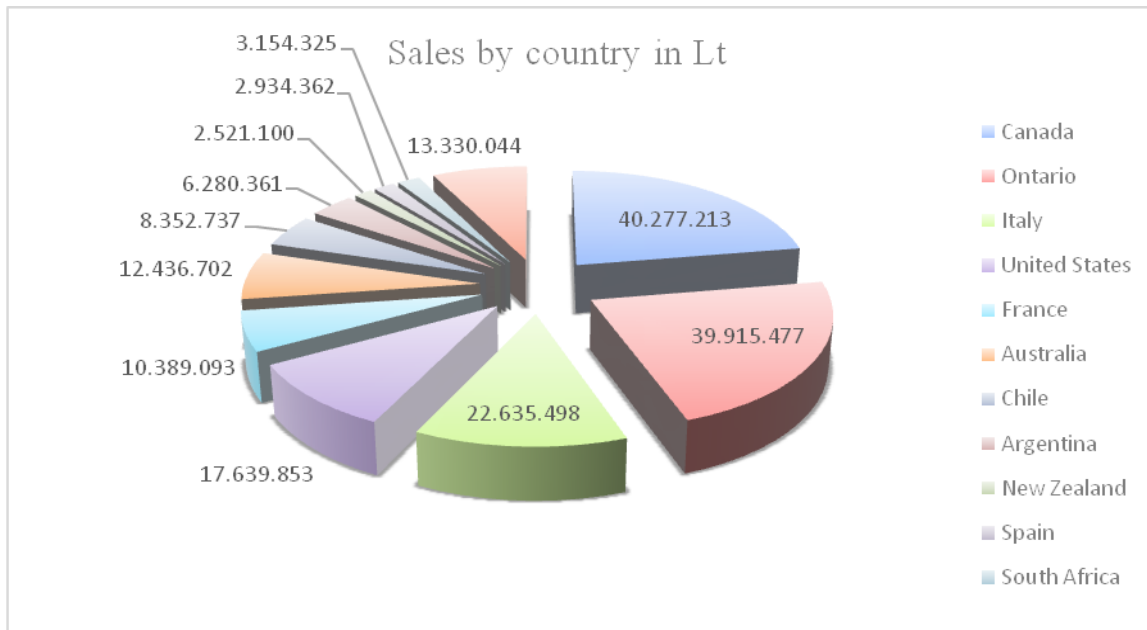
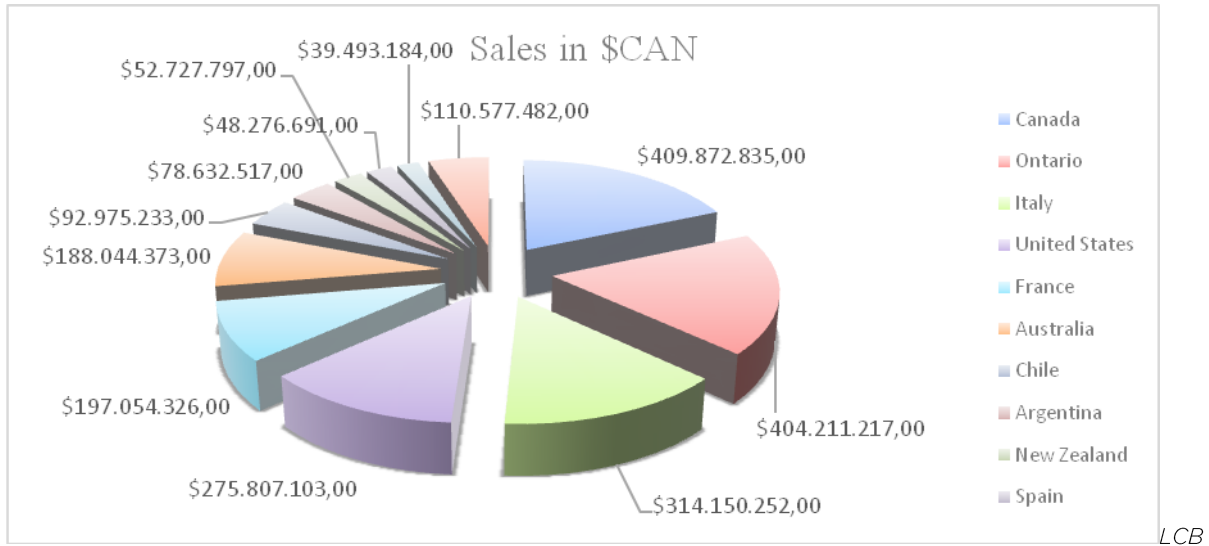


Figure 21: Sales in Scan



O Annual Report 2013-14, Processed by All About Greek Wine

6.1.2 Quebec Market Overview

Importation and distribution of wine in Quebec is controlled by the provincial government organization known as the SAQ (Société des alcools du Québec), where wine is sold through 3 major categories: Regular Continuous, Specialty Continuous and Specialty Par Lot.

- Regular Continuous Products: Available on a regular basis in SAQ stores (subject to sales quotas).
- Specialty Continuous Products: Available on a semi-regular basis in SAQ stores (subject to sales quotas).
- Specialty Par Lot: Products ordered for sale to restaurants and direct to consumers that are not available on a continuous basis (subject to review by SAQ).

SAQ stores are divided into different types.

SAQ Classique - offer a standard selection of mainstream, popular wines.

SAQ Express - offering mainly high-volume top-selling brands.

SAQ Sélection - offering high-volume brands, plus a wide selection of Premium wines.

SAQ Signature - Offering Premium, Classic wines.

Quebec/SAQ Sales

- Although 25% of Canadians live in the province of Quebec, they are responsible for 60% of wine consumption in Canada, where the yearly average spending on wine per person is \$320.
- In Quebec the average retail price for a 750ml bottle is \$15,49 per 750ml bottle (excluding tax).
- Quebec had the largest growth in sales of Greek wine in Canada over the last 5 years, increasing from \$1.4 million in 2010 to \$2.73 million in 2014, representing a **93% increase**.
- At the end of its 2014-2015 fiscal year, the SAQ reported sales of more than \$3 billion, an increase of \$71 million or 2.4% from the previous year. Its net earnings totalled \$1.034 billion, a 3.1% increase.

Percentage of sales through SAQ and grocery stores: Table Wines 79.4%, Spirits 14.5%, Coolers 4.1% coolers, Beers 1.7% and Ciders/Other Products 0.3%

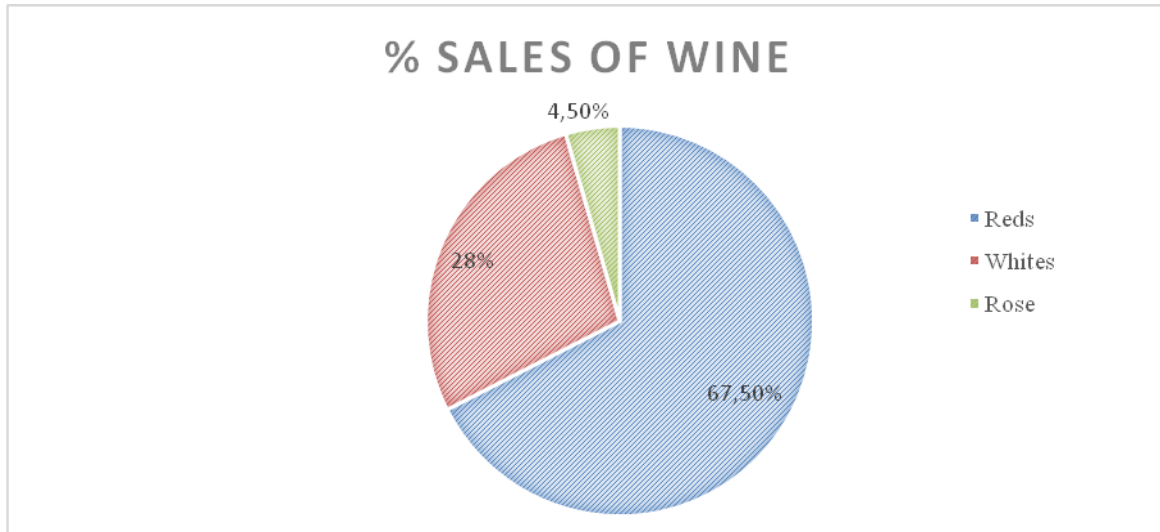
White wines sales are increasing, with varieties like Aligoté, Chardonnay, Riesling, Sauvignon Blanc, Muscat and other white grape varieties becoming increasingly popular in Quebec.

While red wine remains the favorite, white wine, increased its market share to 28% in 2014, compared to 23.7% in 2010.

2015 Sales of wines by Type

- ✓ Reds: 67,5% (-1,6% from 2014)
- ✓ Whites: 28% (+4.08% from 2014)

Rosé: 4.5% (no change) Figure 22: % Sales of Wine



Source: SAQ Annual Report 2015, Processed by All About Greek Wine

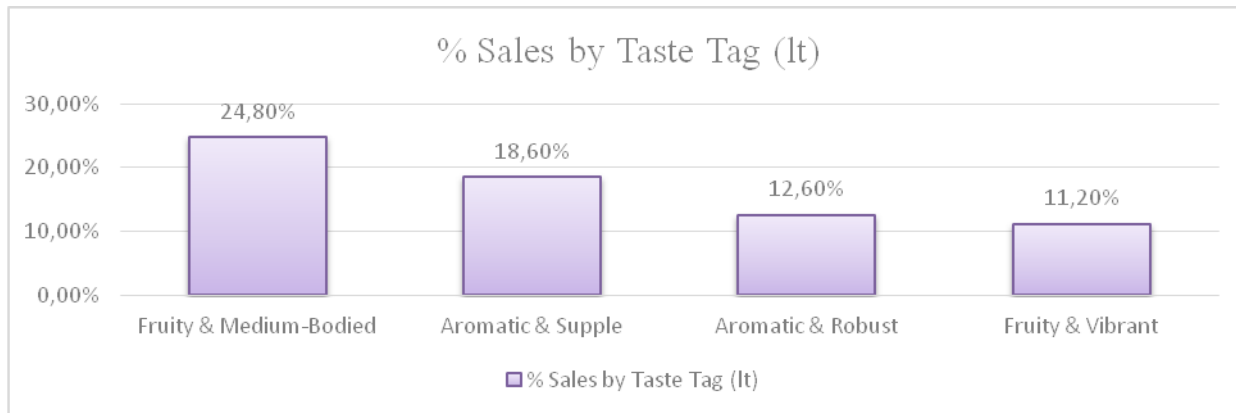
- Regardless of colour (red or white), Quebec consumers especially enjoy fruit driven wines. White wines are appreciated for their fresh, light character.
- 24.8% of bottle-tagged wines sold in SAQ networks displayed the Fruity and Medium-bodied Taste Tag, while 13.1% were in the Fruity and Light category.
- The top three positions remain unchanged since last year, showing that SAQ customers remain loyal to their Taste Tags.

Percent of Sales in Liters by Taste Tag

Red wines

- Fruity and Medium-bodied 24.8%
- Aromatic and Supple 18.6%
- Aromatic and Robust 12.6%

Fruity and Vibrant 11.2 Figure 23: % Sales by Taste Tag (litters)

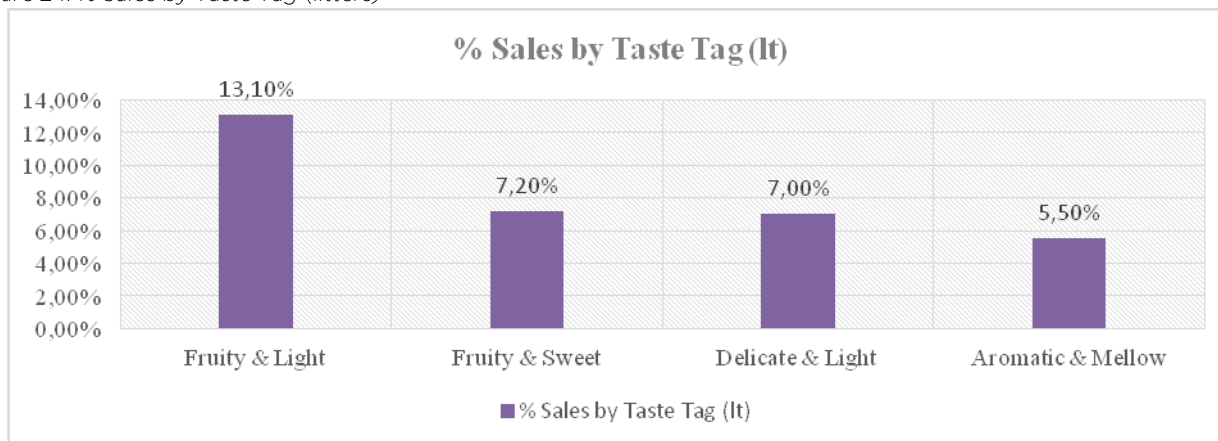


Source: SAQ Annual Report 2015, Processed by All About Greek Wine

White wines

- Fruity and Light 13.1%
- Fruity and Sweet* 7.2% (dessert wine)
- Delicate and Light 7.0%
- Aromatic and Mellow 5.5%

Figure 24: % Sales by Taste Tag (litters)



Source: SAQ Annual Report 2015, Processed by All About Greek Wine

Quebec/SAQ Sales By Product Category

- Wine category sales rose \$50.7 million or 2.3% to \$2.264 billion in fiscal 2014-15.

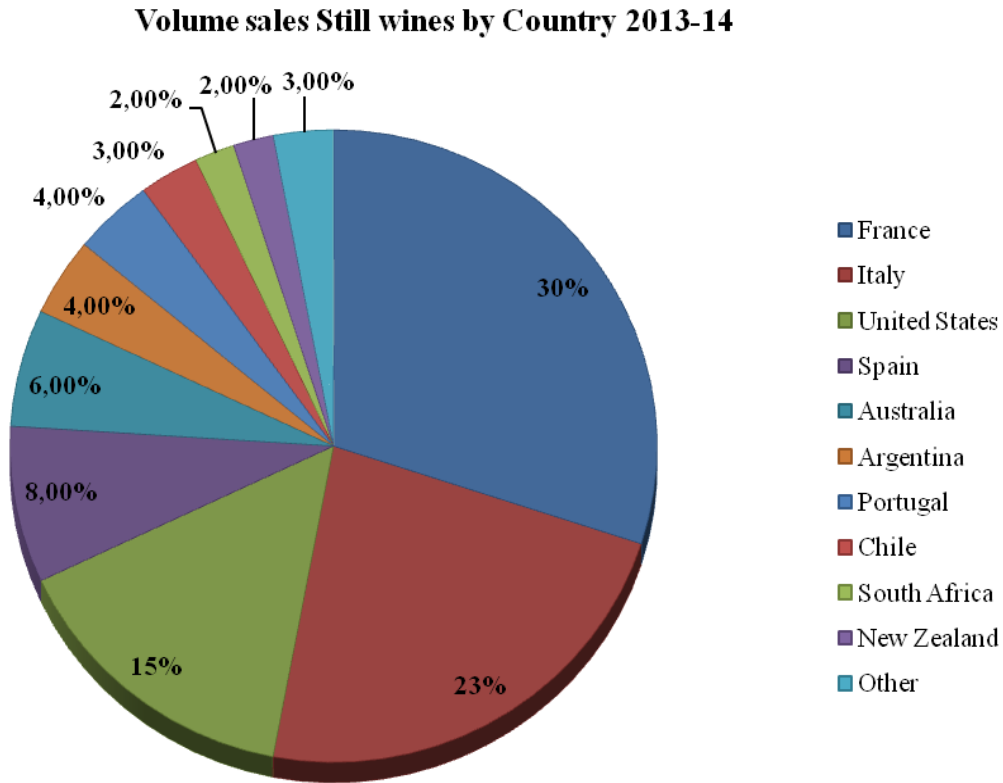
- Volume sales in this category grew by 3.7 million liters or 2.4%, for a total 160.2 million for fiscal year 2014-15.
- Wine accounted for more than 70% of the SAQ's sales growth in fiscal 2014-15.
- Wine sales in SAQ Stores and Specialized Centers increased \$39.6 million or 2.1% in fiscal 2014-15. Volume sales in this network totalled 120.8 million litres, a 1.6% increase.
- France and Italy together account for 53% of all the wine sold at the SAQ.
- Wines of Australia and South Africa showed the strongest growth in sales volume for fiscal 2014-15, with increases of 16.4% and 12.1% respectively.

Fiscal 2014-15 Volume Sales of Still Wines by Country of Origin

(% Increase from fiscal 2013-14)

1. France 30% (+0.5%)
2. Italy 23% (+1.8%)
3. United States 15% (+5.6%)
4. Spain 8% (+2.5%)
5. Australia 6% (+16.4%)
6. Argentina 4% (+5.8%)
7. Portugal 4% (+5.2%)
8. Chile 3% (+1.0%)
9. South Africa 2% (+12.1%)
10. New Zealand 2% (+8.1%)
11. Other 3% (+7.9%)

Figure 25: Volume sales Still wines by Country 2013-2014



Source: SAQ Annual Report 2015, Processed by All About Greek Wine

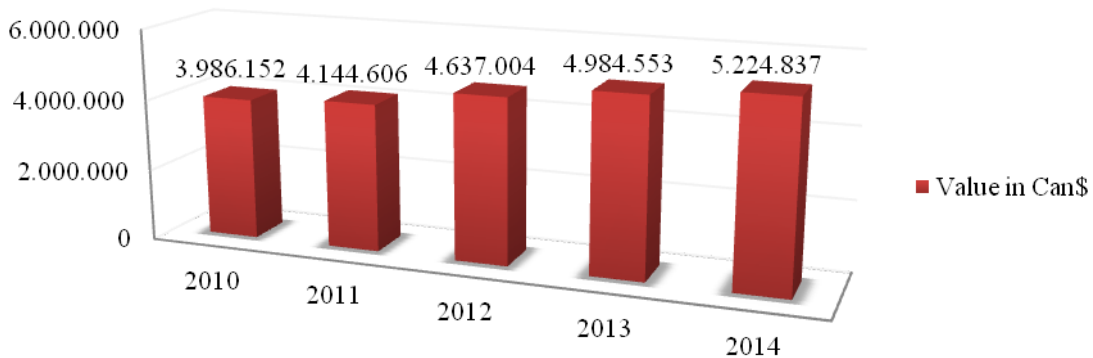
6.2 Supply & Demand

In Canada, Greek wine ranks 12th on the import list showing a 31% increase in sales over the last 5 years:

- 2010: \$3,995,906.00
- 2011: \$4,158,131.00
- 2012: \$4,651,183.00
- 2013: \$5,009,022.00
- 2014: \$5,243,512.00

Figure 26: Greek wine exports to Canada (2010-2014)

Greek wine exports to Canada (2010-2014) in value



Source: Canada Census Bureau, Processed by All About Greek Wine

- Greek wine sales in Quebec reached \$2.73 million in 2014, a 93.3% increase from 2010.
- Greek wine sales in Ontario reached \$1.9 million in 2014, a 19.5% increase from 2010.
- Over 70% of alcohol sold in Quebec is wine compared to 30% sold in Ontario, where beer is the most popular alcoholic beverage.
- Quebec wine drinkers are more *Old World* oriented with France and Italy accounting for 53% of the volume of wine sold, compared to Ontario which is more *New World* focused with wines from Ontario and the US occupying the 1st and 3rd positions, respectively.
- According to the SAQ 2014-2015 annual report, the most popular wines are the medium bodied reds and light fruity whites
- SAQ: There are approximately 87 Greek wines in the SAQ. (2 in Regular Continuous; 10 are Specialty Continuous; and the remainder in Specialty Par Lot (Private Order).
- LCBO: There are approximately 19 Greek wines in General List and over 40 Greek wines in the Vintages section, depending on the period and call for listings.

- The average price of wine sold (per 750ml) by the SAQ is \$15.49 and in the LCBO is \$9.87, indicating a demand for higher quality/more expensive wines in Quebec.
- Most Greek wineries have relatively small production, making it difficult for them to find larger, well established Canadian importers to include them in their portfolios.
- Another challenge is that by the time a Canadian agent agrees to bring in a wine through Private Order, secures placements with restaurants and orders the wine, the winery is often out of stock. **Note:**

Once this happens it is often the case that the restaurant will not agree to carry the wine again.

6.3 Barriers to Trade in the Canadian Market

Both the SAQ and LCBO have strict quota requirements that must be met once a wine has been listed. This can hinder the entry of wines from emerging wine regions like Greece, because of the inability to meet sales quota requirements for wines from unfamiliar regions. Because of the bureaucracy involved in the selection process, there is an extended period of time between when a wine is selected by a liquor control board and when the order is placed with the producer and received. For this reason the wine that is finally available to ship is often from a different vintage.

Since wine sales in Canada are controlled by the liquor control boards, a few select wine buyers in each category are responsible for selecting the wines for virtually millions of consumers. As a result, the selections are most often chosen to please the mass market of wine consumers, resulting in less regular listings from lesser known regions that might appeal to more sophisticated wine drinkers, like Greece.

Only 9.6% of wine is sold in Ontario in restaurants, where experimentation through by-the-glass program is available, creating another obstacle for Greek wine (80% of wine is sold at retail in LCBO stores).

Adequate marketing budgets: Both liquor control boards require strong marketing and sales support with minimum budgets from agents and regional wine organizations in order to increase listing opportunities. Regular Tastings, market visits by winemakers, direct to consumer activities and ratings from major wine media such as the Wine Advocate, Wine Spectator, Wine Enthusiast and Wine & Spirits are encouraged and help in bottle-tag notices.

6.4 Competitive Landscape in Canada

Since 75% of the wine consumed in Canada is imported, there is strong competition for listings from winemaking countries throughout the world. In today's wine world with the advances in

technology, the ability to produce good quality wines is taken for granted. Current trends are moving toward more unique terroir-driven wines.

Greece's indigenous varieties offer differentiation in a crowded market, where the fight to increase market share is intense between regions that essentially produce wines from the same international varieties. It has one of the oldest cultures and traditions in winemaking, which can offer further differentiation in the market.

Although Greek wines are not competitive in the low end pricing categories, they do offer an excellent ratio of quality to price in the medium to premium price categories. In addition, because Greek wines are from low production, boutique style wineries it makes sense to establish a niche in the medium to premium categories where they compete favorably. Agents focusing mainly on regular and General List placements comment that the prices of Greek wines are too high to compete within the lower end pricing categories. Those agents that focus more in Specialty, Vintages and Private Ordering categories that include restaurant sales believe that pricing levels of Greek wine are at reasonable levels.

The biggest competition for Greek wines appears to be other emerging winemaking regions, especially those having indigenous varieties such as some Italian regions & Portugal. Also, other boutique, high-end winemaking regions such as Austria and the Rhône Valley, which are similar to many Greek regions pose a competitive challenge.

6.5 Recent Developments/Prospects for Greek Wine in Canada

Canadians lack a general awareness of Greek wine, making it easier to introduce consumers to Greek wines instead of having to reverse the existence of a previously negative image. Research supporting the claim that drinking wine regularly is healthy, has begun to influence wine consumption trends for health conscious Canadians.

Younger, millennial wine drinkers are seeking new experiences and are more willing to experiment with unknown regions and varieties. Greek wines offer them a chance to travel "virtually" to Greece and a chance to differentiate themselves, providing an opportunity for an emerging wine region like Greece, which has its unique, native varieties to offer the market.

Greece is one of the top tourist destinations in the world, so there is an opportunity for wine to capitalize on this popularity. Wine tourism, which is a growing segment of Greek tourism, can help create the same connection between Greece and its wine tradition, like other popular tourist destinations with winemaking traditions like France and Italy. One international trend influencing Canadian Sommeliers is the desire to discover new wines made from unknown indigenous varieties, as well as wines that are terroir-driven, that offer something original and different to their customers.

Greece's rich heritage of indigenous grapes (over 300 varieties) creates a competitive advantage over most other wine producing regions around the world that produce wines from traditional international varieties.

Canadian consumers are drinking more wine and especially more expensive wine, providing an opportunity for Greek wines which compete favorably in the medium to upper price categories in quality. Although Greek wines do not compete well in the lower priced categories, they do offer an excellent ratio of quality to price for the medium to premium quality wine categories, which is the category showing the strongest increase in Canada.

The Canadian lifestyle is evolving, as they eat out more often and drink more wine, as it becomes an increasing part of their dining experience. The percent of white wine consumption, as part of total consumption in Canada, is increasing with a higher growth rate than the reds. This creates an opportunity for the large variety of Greek white wines that are being produced. Greece offers a substantial number of high quality native white grapes that produce wines in a variety of styles with different aromas and flavors.

Greece produces a broad range red wine, including fresh, easy drinking reds to full-bodied, complex wines with long aging potential which also support the Canadian preference for drinking red wine. Like in the US, rosé wines are also gaining in popularity in Canada, especially in the Ontario market. In support of this trend, Greek wineries are producing a full range of rosé wines made from local native varieties including dry and semi-dry, good acidity and structure, as well as rosés with different aromatic qualities. The Greek sparkling wine industry has grown in recent years as experimentation with different native grapes is showing great promise. As recent growth in consumption of Prosecco wines continues to expand worldwide, the growing segment Canadian market also offers potential for Greek producers.

Another growing trend is the use of lightweight bottles. Many wineries, including several in Greece, prefer to use heavier bottles that can give the perception of higher quality wine in the bottle, while Canadian sommeliers and the monopolies request lightweight bottles. The LCBO has been an international leader in reducing beverage alcohol container waste for close to a decade. They request that all wines that cost less than \$15 use a bottle weighing a maximum of 420 grams. So far almost 90% of the bottles sold in Ontario through LCBO meet this standard.

6.5.1 Ontario Game Changer

In May 2015 a regional boutique section was established in an LCBO store a prototype for introducing wines from a relatively unknown or emerging region with potential in the market and Greece was chosen as the first test region. The store has more than 100 different Greek labels, most of which could not be previously found in LCBO stores. Since most of these wines were only sold

through Private Ordering and available mostly in Greek restaurants and bars, the new Greek boutique section over a broad selection of wines more easily accessible to all consumers.

Prices of the wines range from \$12-\$72 and according to the LCBO, sales of Greek wine from May to July this year were up 59% compared to the same period last year. In addition, to better serve the Greek-speaking community and enhance the shopping experience for all fans of Greek wines and spirits, the Danforth store has one Product Consultant for the boutique section and two Greek-speaking Customer Service Representatives.

6.6 Promotional Activities for Greek Wine in Canada

The first national campaign for Greek wine began in the North America in 2003 first with the US market and expanding into the Canadian market the following year. The initiative was financed privately the first 3 years by a group of Greek wineries interested in expanding into the fast growing wine markets of the US and Canada. At this time, Greek wines in these markets were concentrated in Greek communities and restaurants, with distribution controlled by Greek importers and agents. The awareness of Greek wine in the mainstream market was virtually nonexistent or relegated to the “other” category, at best. The large volume of wine being consumed in the US, the growing rates of consumption, together with a growing interest in new and emerging wine regions made the US a prime target for Greek wine.

The monopoly environment in Canada presented a different challenge, but the large volume of purchases and sales of alcoholic products in the Ontario and Quebec provinces, especially imports, also represented great potential for Greek wine. In addition, domestic Greek wine consumption was dominated by inexpensive bulk wine (over 60%), adding an additional sense of urgency to expand into foreign markets in order to absorb the dramatic increase in quality Greek wine production over the last decades, with the number of wineries doubling over that same period. In 2006, the Greek wine sector took advantage of European Union subsidized promotional programs to substantially increase the marketing and educational programs in both the US and Canada, which continues today and included the establishment of the office of Greek Wine Bureau of North America.

The Greek National Inter-Professional Organization of Vine and Wine (EDOAO) and the Hellenic Foreign Trade Board (HEPO), together with the support of wineries throughout Greece, took over sponsorship of the national campaign for Greek wine from the private sponsorship, which continues today with EU support. The promotional program includes ongoing outreach to trade and media in the US and Canada, as well as several other activities with the goal of indirectly supporting the increased sales of Greek wine through building awareness of the Greek vineyard, native Greek grape varieties, established regions and appellation zones as well as the historical ties that make Greek wine an integral part of Greek culture since ancient times.

6.6.1 Current Promotional/Educational Activities

- Annual trade tastings and seminars in Canada for trade and media, as well as focused dinners for trade and consumer.
- Ongoing Greek wine training for monopoly product buyers and staff.
- Trade/Media familiarization trips to the Greek vineyard.
- In-Store tastings at LCBO and SAQ stores.
- Floor Displays of Greek wines during SAQ in-store promotions.
- Collaboration with Wine Align in the Ontario and Quebec markets to increase awareness of Greek wine, including direct to consumer marketing, articles and ratings of Greek wines to large consumer database.
- Advertising with the LCBO and SAQ media outlets.
- Shelf Extenders displays of Greek wines in LCBO stores.
- Dollar-off promotions in collaboration with LCBO and SAQ in-store promotions.

6.7 SWOT Analysis

STRENGTHS

- Unique Native Varieties
- Long History of Winemaking- Culture of Wine
- High Quality Wines
- Variety of wine styles& flavors
- Food Friendly Wines
- Excellent QPR
- Consistency from Vintage to Vintage

WEAKNESSES

- Lack of Awareness
- Small size wineries difficult to attract large & well established Canadian agents
- Unfamiliar varieties& regions
- Unfamiliar names& difficult pronunciation

- Lack of cooperation for common marketing/distribution goals
- Over use of oak for reds (according to trade interviews)
- Lack of connection of Greece as a wine destination
- Confusing labels that sometimes include Greek words

OPPORTUNITIES

- Steadily increasing per capita wine consumption in Canada
- New younger generation of wine drinkers, willing to try something new
- Terroir driven wines & unique grapes which are in demand in the Canadian market
- More offerings of organic & biodynamic wines, which are in demand in Canada
- Growth of white wine sales and rosé wines in Canada
- Increase in demand for Prosecco and opportunity for Greek sparkling wines
- Increasing sales trend last 5 years
- Private Ordering for Non-Greek Restaurants
- New Greek boutique section in Ontario/LCBO Store
- SAQ willingness to support Greek Wine
- Greece as a popular tourist destination. Tourists that have travelled to Greece and return with good impression of Greek wine
 - Popular cuisine-Mediterranean Diet
 - Favorable Euro exchange rate
 - Ongoing Marketing Activities
 - Positive reviews, high ratings from Media/Trade in Canada/US

THREATS

- Monopoly Sales Quotas
- Limited openings for new wine listing
- Limited In-Store Promotional Budget & Opportunities
- Current lack of willingness from LCBO to support additional promotions for Greek wine
- Serious marketing support and budget commitment is requested by the liquor control boards in

Canada

Inadequate sales support

Difficulty introducing wines from an emerging region in a monopoly market

Lack of consistent production volumes in order to sustain growth

Labor Strikes in Greece

Greek domestic economic problems, including Capital Controls

Conclusions

Because of the liquor control boards sales quota requirements, obtaining listings for Greek wines represents only part of the challenge of increasing sales.

There has to be effective marketing support including a strong marketing budget from the suppliers, for listed wines in order to generate sales and meet quotas, otherwise the wine will be delisted.

Monopolies offer limited promotional opportunities in their stores for promoting listed products (Floor Displays, Shelf Banners, etc.). These opportunities are usually reserved for wines and regions that have a proven track record making it difficult for emerging regions like Greece to get promotional space in stores.

- For an emerging region like Greece, it will be especially important to reach out directly to consumers through social media and traditional media outlets to educate and increase awareness of Greek wine in order to stimulate sales.
- In Ontario, which is more *New World* focused (US, Australia, Chile, Argentina) marketing efforts should focus on those demographics, (i.e. millennials) that are more open to new & different wines, regions and grape varieties.
- Quebec wine drinkers are more *Old World* focused and are more open to Greek wine across all demographics, although millennial represent a similar opportunity for consumers willing to try something new.
- It will take some long-term thinking, patience and perseverance to position Greek wine in the Canadian monopolies, since they do not fit into the typical mass marketed wines from regions with much larger production.
- Because most Greek wineries are relatively small “boutique style” producers, it will be best to re-position Greek wine away from the low priced categories and into the medium to premium categories, especially since the quality is there.

- Another challenge will be to convince the liquor control boards to increase the orders of Greek wine that are currently available. Wines that do well are often not reordered on a timely basis (or at all), so the time to build a brand is lost once the wine runs out.
- Finding a suitable Canadian agent to represent a Greek winery is a difficult task. Agents must not only be knowledgeable about wine and the wine market, but must also be committed to introducing wines from an emerging region like Greece with a long term marketing and sales support plan.

7. Identified Market Gap

7.1 Wineries

According to domestic Sector study and the analysis of both the U.S. & Canadian markets, Greek wine could have a market success on medium and premium category. Premium wine consumption is an estimated 15% in Greece in 2014 for wines priced between €6 and €10 a bottle, while luxury wines (over €16) is low at 4%. According to ICAP 2015, Popular Premium wines have increased their market share of the bottled wines to 80% since 2015. Research shows that consumers drink more expensive and of higher quality wines and the proposed winery will capitalize over these consumption trends.

Furthermore, it's been almost 13th years since wine lovers around the world have expressed their interest in other varieties than Chardonnay and Cabernet. Specifically, as a reaction to the "tyranny" of those two varieties, wine lovers formed two movements called ABC (Anything But or Beyond Chardonnay and Anything But Cabernet). The two ABC movements, launched by wine collectors and wine writers, have made consumers curious about other varietal wines.

This is a fine opportunity for the promotion of Greek varieties. Greece has a great range of varieties that comes as a legacy from the ancient years. Wine lovers around the world and young customers (Millenias) in particular, are willing to try new varieties from around the world and that's a privilege ecommerce is offering.

7.2 Distillates

Consumption of Tsipouro, is not only as a traditional distillate, but also as a new-to-discover top spirit. It's clear, fresh, fruity, and excellent to a bar, straight or as a cocktail base with combinations with liquors, fruits and juices. There are many varietal choices, almost from all the grapes, especially the aromatic ones. In some areas (Thessaly, Macedonia, Thrace), traditionally, tsipouro was flavored in second distillation with seeds of anise or fennel, (this is why there are similarities in terms of organoleptic characteristic between the two spirits, ouzo and tsipouro with anise, since prevailing

scent of anise, as well as the way of consumption, that accompany appetizers and starters (mezedes)

But during the last years, the trend of produced grape marc distillates in Greece (the main production area is Thessaly and elsewhere, such as Macedonia and Crete) are of high quality spirits without adding anise, highlighting the varietal character of the grape from which are produced. Even more recently, especially in Thessaly, where Black Muscat is used, oak aged tsipouro is produced. The current Business Plan was designed and prepared by the Agricultural University of Athens, regarding the program *“Recharging Greek Youth to Revitalize the Agriculture and Food Sector of the Greek Economy”* in order to reflect the existing conditions in the Greek Market concerning the Wine and Distillation Industry and examine the perspective of a micro - medium winery/distillery, emphasizing on the elements derived from primary and secondary information sources. Our research has led our team to agree upon the most promising varieties, Malagousia and Agiorgitiko, to be the pillars of this upcoming business attempt.

(Appendix 1-2-3-4-5)

8. Synergies - Wine tourism

It is difficult for wineries to be marketed as a separate product in the tourism chain distribution since wine tasting experiences are usually free of charge in Greece and thus do not offer a commission. However, participation in a package offered with other tourist products allows for the opportunity to develop certain products and take advantage of the tourism industry.

Package deals are a marketing strategy that involves offering several products for sale as one combined product with one combined price. An example of such a package could be an excursion to a famous site (e.g. Nemea archaeological site, Mycenae, Epidaurus, if for a winery in Peloponissos east side, or Ancient Olympie for a winery located in west Peloponissos) will include in its offer a visitation to a winery. Instead of regular wine tasting, they could prepare presentations and extend the chance to savour local products for a cost per person which will cover the price of both the food and wine. Wine Tourism is a product which can convey a certain tradition and culture. It provides numerous motivation factors for visitations and is bound to its local history and identity. Thus, most of all, it becomes the vehicle to promote the regions' culture. Historical monuments, cultural events as well as the great archaeological, architectural and cultural wealth which is the legacy of the rich history of Greece could be combined with the winery visits. Wine accompanies cheeses and thus collaboration with local cheese manufactures could be a joint venture between companies. Restaurant and hotels could benefit of these synergies.

Beyond the sites and culture, the potential for outdoor activities such as trekking, hiking, climbing, fishing, horseback riding, sailing, etc. depending on the area could also lead to interesting synergies.

Strategic business collaborations

It is important that the winery owners function within the same network as other tourism enterprises. In new and developing wine producing regions, it is essential that the collaboration and networking between wineries and other types of tourism companies, such as accommodations, restaurants, and sites, be developed. Moreover, shops which sell folk art (such as wood carvings, embroidery, knitting, ceramics, etc.) and local products (cheese, honey, traditional Greek spoon sweets, etc.) can use local providers, so as to preserve the traditional skills and techniques, as well as support the local industry. Networking aims for, the development of collaboration among enterprises and to the exchange of guests among enterprises, such as between wine producers, hotels, restaurants and vice versa, exhibition rooms, museums and convention centers. Collaboration with local authorities and tourist information centres in order to promote the area, its businesses and their products. Seeking out related businesses whose services and products will enrich the guests' experiences. Establish international selling channels and one-stop shops in Touristic Hot-Spots like Corfu, Rhodes, and Mykonos with ready to use distribution channels abroad.

8.1. e-Commerce

Wine E-commerce remains a Niche! Almost 96%, of consumer packaged good sales occur in stores, and just 4% of consumers intend to buy wine online in the next six months, according to Laurie Rains, a vice president in Nielsen's Retail Consulting and Analytics Group. While there is a lot of growth around spending online, for the most part people still shop in stores.

The good news is that e-commerce has plenty of potential for growth. 87% of US consumers are online, with room to grow to the level of Norway and Sweden at 95%. 68% of consumers now trust online comments and transactions. More than 40% of the consumers are willing to try online grocery shopping and Millennials, aged 21-34, are much more active online shoppers and are very receptive to "touch points" that give them recommendations or information from friends, social media and commercial media, among others. This gives wine producers an opening. These younger consumers like variety, since 40% of them buy different wine brands per year.

Based on the above, an opportunity exists for wine producers and marketers who understand how to use digital technology to reach the potential consumer more directly and that is why in our days they should be chasing customer, instead of competition. Wineries and marketers should use good

digital content in chasing those customers, even by developing apps for iPad wine and beverage menus that, because readily available information helps sell wine.

It is true that in Greece, consumers who drink wine in restaurants have no special education or information about Greek wines and domestic varieties. Sometimes they avoid drinking wine or spending money on wine when they don't know what to choose or how it tastes.

It is well known though, that food and wine pairing suggestions and tasting notes are the top two things that would help consumers select wines for dining at home. An application that provides all the needed information for androids iPads, and e-wine list, seems to be the answer to rapidly increasing sales.

Peoples who don't have the chance to visit wineries can have a virtual tour, using digital "beacons" placed around the property, and an app that visitors can download to their smart phones. As visitors stroll around the property, the beacons talk to their phones and explain what the visitors are seeing, even leading them to the best places to take photos.

Wineries should definitely create great content for their websites, blogs, videos and social media, that don't have to be expensive. All they should do is put the information there, with the right way.

9. Discussion - Conclusions

- Summary consideration of capacity and prospects in agriculture and food sector
The Greek wine and distillates sector can be characterized as an attractive economic sector with a lot of potential. Especially, the sector of bottled products offers a unique opportunity and challenge for new entrepreneurs who wish to be involved in both production and commerce and thus making the industry more approachable and desirable. The capital requirements are high (as someone can see in the Wining winery business plan in the appendix), but wineries can take advantage of their production capacity and technological advancement thus use economies of scale and experience curves such as the "Know-how" of production. This effort can be strengthened by every producer's ideas and willingness to offer every year, better products and services to the customers and the community every year. Every winery should always observe the trends of the global market, adopt what is best for it and renew its competitive advantages.
- Accessibility and attractiveness (or discouragement) as youth employment opportunity, for youth new to farming and those with experience.

Despite the high capital requirements for the establishment of a winery the perspectives are positive for young people that wish to invest investing in the rarity and uniqueness of the Greek varieties. Rarity is not the only key to success and should be accompanied with in depth knowledge of the varieties and collaboration with the local institutes in order to produce high quality wines in accordance with the international standards.

The basic critical success factors for Greek wine sector besides the indigenous Greek Varieties are the Oenotourism development and improvement of the services provided, the e-commerce possibilities and a targeted marketing campaign from the whole sector in collaboration with the State. It should be made clear that Greece is not able to compete with other Mediterranean countries in quantity and low prices. On the contrary, Greece should take the advantage of its products top quality and diversified products. The history of wine accounts 6000 years for Greece. In some places like the case of Santorini the cultivation of grapes takes place in the same wineries for thousands of years. This is a strong marketing tool that no other country in the world has. For example Portugal has many rare indigenous varieties but the wine is produced only since 15th century. All these previous factors can assist to the attractiveness of wine business for young people and the perceptiveness of their attempt to invest money, effort and personal work on wine and distillates sector.

Besides all that, dealing with winemaking and wine business offers to people the feeling of creation. Transforming grapes into wine is a wonderful experience and is a feeling of doing something that everybody in the world would like to do. Making wine and of course selling wine gives a feeling of happiness and satisfaction. Winemaking is a great challenge and just by changing some factors (e.g. conditions, ingredients) someone could obtain completely different results.

- Regional considerations and implications for agro tourism (note that tourism is another vital sector for youth employment, and opportunities to link agro-food to this sector should be identified)

Development of small to medium wineries in the various viticultural regions of Greece is meaningful as most of these areas are also very touristic, like the case of Greek islands but also for other Greek regions. Tourists are looking for regional products and they order regional wines instead of wines from other regions. Besides that, many tourists try to assist and support regional business. Synergies with Tourism enhance the regional character and it is beneficial for other sectors. For example, wine accompanies cheese and thus collaboration with local cheese-makers could be a joint venture between companies.

Restaurant and hotels could benefit out of these synergies.

- Consumer habits and growth potential, as well as export potential

The sector should develop a focused marketing campaign based on Oenotourism and the synergies between Wineries and HO.RE.CA businesses. Moreover, the millions of tourists that visit Greece every year should taste learn and adore Greek traditional wines, based on the ancient wine tradition that the country acquires. In this way, the brand "made in Greece" is able to attract many supporters from all around the world who are going to search and buy Greek products in Greece and also when they return to their countries. In addition, highly touristic Hotspots like Corfu, Mykonos, Santorini, Crete and Rhodes should be used as organized selling points. In this way we will export from Greece like in the case of Jewelry.

Consequently, tourism and e-commerce should be an important supplementary activity in order to promote Greek wine and simultaneously to support rural areas. In this way, the potential of such initiatives could be substantial – indicatively, if a 10% of the tourists decide to buy a bottle of wine in order to consume it when they return to their countries.

Greek winemakers took collective responsibility for creating a national marketing initiative in the US to support their export activities, firstly on their own expenses and after through the use of EU and Greek State financial support, in an effort to securing the long-term success of the Greek wine industry. Greece has received an unprecedented amount of positive publicity in the media and trade, especially for the relative small size of production, which was proven the conduit through which consumer interest was increased.

Concerning the Canadian market it is suggested that a great deal of patience and perseverance is needed to position Greek wine in the Canadian monopolies, since they do not fit into the typical mass marketed wines from other regions with much larger production (like California). It is also advised to reposition Greek wine away from the low-priced categories but into the medium to premium high quality categories.

- Implications for e-commerce

E-commerce gives an exceptional opportunity to boutique wineries to make their products known to other countries. In our days people from abroad have the chance to taste Greek wine products by ordering them online, by buying them in retail shops in their country or even to live the experience by staying at the wineries and enjoying the product in the land it was born.

- Synergies with other sectors and sectoral studies to the best of the researcher's ability

Wine and distillate sector can achieve synergies with cheese and olive oil sector and of course with the touristic sector. Wine goes well with chesses and a common promotion projects could

be beneficial for both the sectors. The regional character of both wines and local cheeses is very important and wanted by the consumer.

- Winning winery & distillery Business plan

Based on the findings of this sectoral study a gap was identified. The Winning Winery and Distillery will cover the gap of high quality wines and distillates, internationally oriented based on rare ancient Greek varieties. The key to the winery’s success will be its dedication to producing premium quality wines and distillates from unique varieties based on solid research results and academic knowledge of the involved processes. The winery will focus on connecting new knowledge on ancient Greek varieties with new innovative winemaking methods. Its marketing strategy will combine other upcoming sectors, such as agrotourism, e-commerce, organic farming, and experience industry. The exports strategic plan will focus on U.S.A. and Canada.

A detailed business plan follows in the Appendix

” Stakeholder analysis

Stakeholders	Stakeholders Interest	Assessment of Impact
Supply		
Inventors	High: They want to invest their capital in new and profitable enterprises	High: They require short payback period and great dividends
Wine producers	High: They want to standardize their products in Greece in order to achieve higher prices	Low: There are many independent viticulturists and they have no bargaining power

Equipment Suppliers	High: They want new entries in order to sell their imported equipment	Low: They import the equipment from other countries and they have not much bargaining power on the processors companies
Packaging Suppliers	High: They want new entries in order to sell the packages they import	Low: They import the packages from other countries and they have not much bargaining power on the processors companies
Material Suppliers	High: They want new entries in order to sell the materials they import	Low: They import materials from other countries and they have not much bargaining power on the processors companies
Banking	Low: The financial crisis has a negative impact on the sector of investments	High: They have much bargaining power, the companies depend on their loans in order to get developed
Wholesales	High: They want to collaborate with new enterprises in order to buy either cheaper or qualitative products	High: The price and the collection period are determinant for the processors company. Impose the merchandizing
Retailers	High: They want to collaborate with new enterprises in order to buy either cheaper or qualitative products	High: 3PL, Supermakets, Mini Markets, Liquor Stores and Eshops with high bargain power
Consultants	High: They want new enterprises in order to offer their services	Medium: If the company follows a false advice-strategy it will not be profitable
Demand		

Consumers	High: They search for new entrances and wider diversification in price and quality	High: The level of satisfaction linked with the loyalty and the profits of the company
Ho.RE.CA	High: They search for new entrances and bigger diversification in price and quality	High: Vital for profitability, acting as an intermediate so that consumers can taste our products, they use bulk products and cheaper substitutes
Regulation		
Agricultural Authorities	Medium: The authorities are interested in new enterprises in order to check their actions	High: The company depends on European subsidies, proper utilization of resources Bureaucracy
Food Safety Authorities	Medium: The authorities are interested in new enterprises in order to check their actions	High: The company should apply the legislation on food safety to avoid penalties Bureaucracy
Environmental Authorities	Medium: The authorities are interested in new enterprises in order to check their actions	High: The company should apply the legislation on environmental protection to avoid penalties. Bureaucracy
Ministry of Labor	Medium: The authorities are interested in new enterprises in order to reduce the unemployment	High: The company should apply the legislation on working conditions and job security for employees
Ministry of Finance	Medium: The authorities are interested in new enterprises in order to increase public profits	High: Fair tax payments Bureaucracy

APPENDIX A

A.1. WINE BUSINESS PLAN



Business Overview

The simulation is based on the admission that the region with the highest production volume in Greece is Peloponnese and the area of Nemea one of the most famous in the wine industry. Furthermore, geographically is located near the capital and the largest airport in the country, which favors the distribution and exports. Also it is located near great historical monuments that of ancient Nemea, Epidaurus, Mycenae's. That is why it has been chosen as the place both the establishment of the vineyard and the production unit.

Historical Information

Nemea was named after a nymph, Nemea, the daughter of Asopos River, who crosses and waters, even in our days, the plain and vine land. The Municipality of Nemea is populated by 10,000 people and its economy is based on agriculture, especially viticulture and winery for about 2500 years. The most famous local variety is the Agiorgitiko wine. The area of Nemea was established as Protected Designation of Origin in 1971 and includes Nemea and sixteen (16) villages situated in the area at an altitude of 250 – 800 meters.

Brief information

W.W. will produce more than 45,000 bottles of red, white, rose and red aged wine as well as 5,000 bottles of Tsipouro. Annual production volume (lt) will begin at approximately 30,788 lt in year one and increase to 46,006 in year 10. The winery will use grapes from two vinifera varieties, Agiorgitiko and Malagouzia and produce three wines: Agiorgitiko red and red aged wine, Agiorgitiko rose, Malagouzia barrel fermented white wine.

The distillery distills exclusively its own pomace for the production of the distillate (tsipouro). The current legislation permits the operation of the distillery within the premises of the winery as an independent unit, which could also be allowed to bottle its products. In this way, the winery makes an effective use of its own marc. After the must is separated from the rest of the grape marc, the remaining pomace (about 30% of the total grapes) is fermented and distilled. After the appropriate dilution, 20% of the product is ready for bottling and consumption.

The majority of the products will be sold out of the tasting room that will be established along with the rest of the winery's infrastructure in year 2. As production increases, W.W will utilize other distribution channels such as high-end restaurants, online supermarkets etc.

The key to the winery's success will be its dedication to producing premium wine quality from unique Greek varieties based on solid research results and academic knowledge of the involved processes. The winery will focus on linking new knowledge about ancient Greek varieties with new, innovative winemaking methods through its close ties with the Oenology Laboratory of the Agricultural University of Athens, Greece. Its marketing strategy will combine other upcoming sectors, such as agrotourism, e-commerce, organic farming, accommodation facilities and educational holidays.

The initial investment sums up to 608,250€. This includes the construction of the winery, the establishment of 3 ha of vineyards, the purchase of equipment and barrels. Operating expenses for the first five years appear in the table that follows:

Table 13: Operating expenses for the first five years appear in the table.

OPERATING EXPENSES	208,767	192,895	197,325	203,391	212,303
Salaries	52,824	52,824	52,824	52,824	52,824
Fixed Cost	5,900	5,900	5,900	5,900	5,900
Operating Costs	1,000	1,000	1,000	1,000	1,000
Sales Cost (Other than C.O.G.)	44,039	44,920	45,818	46,734	47,669
Accountants	2,400	2,400	2,400	2,400	2,400
Variable Cost	12,394	12,868	13,572	14,539	15,871
Trade Mark					900
R&D Incl equip	11,935	2,077	2,190	2,346	2,561
PR Cost - Opening (Nov 2017)	5,000				
Raw Materials	73,275	70,906	73,620	77,647	83,179

The winery will be set up as a *Societe Anonyme* (SA). Ownership shares and, correspondingly, control of the company is allocated into 4 owners, with shares ranging between 5% and 35%. An advisory board consisting of selected business leaders and experienced marketers along with community representation and academic consultants will be set-up to consult with the management team semi-annually and review strategic issues.

A.1.1. *Mission Statement*

The W.W., SA, is committed to be an environmentally and socially conscious grower, producer, educator and marketer of wines of the highest quality and value, which will establish its brand in the Greek market and abroad as a top-quality wine maker.

A.1.2. *Corporate Culture & Social Responsibility*

A company of W.W. size should create an atmosphere of respect and appreciation for people within the company, what is commonly called a family business, while maintaining a "personality" worthy of respect and appreciation for foreign cultures with which interacts and the people who

constitute them. The estimate for the individual and the encouragement of individual creativity and team value appreciation, respect and awarding price for cultures outside the corporate environment, it must be something that is communicated frequently with the active participation in actions for culture and customs of the region, which contribute to the prosperity of the economy and the local community. Finally, the company's contribution to institutions and industry associations who have a say in policy and strategy for the wine sector in Greece and abroad, is extremely important. (Greek Wine Association, National Interprofessional Organization of Vine and Wine, Wine Producers Association of Peloponnese etc.).

A.1.3. Sustainable competitive advantage

The basis of the W.W.'s sustainable competitive advantage is its dedication to producing premium wine quality from unique varieties based on solid research results and academic knowledge of the involved processes. Coupled with the creation of a friendly atmosphere, and top-quality services provided to its customers, our winery can satisfy the most demanding of wine tasters. A further competitive advantage is the winery's focus on linking new knowledge about ancient Greek varieties with new, innovative winemaking methods through its close ties with the Oenology Laboratory of the Agricultural University of Athens, Greece.

We will also emphasize a strategy that is more focused (having fewer products) and in the long run, utilizing other distribution channels (e.g., high end restaurants and wine shops). We will rely less on tasting room sales since this will enable us to reinforce our premium strategy.

A.1.4. S.W.O.T. Analysis

Wining Wineries S.A., S.W.O.T. Analysis	
STRENGTHS	WEAKNESSES

<ul style="list-style-type: none"> Cultivation of Local Varieties New Equipment Know How Owners of Premises & Vineyards Strong Alliances Innovation New Varieties Exploitation E-Commerce 	<ul style="list-style-type: none"> Loan Borrowing Difficulties Small Production High Production Cost (economy of scales) Lack of Logistics Lack of Experience High Rivalry in Sector
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> Strategic Alliances Research Synergies Wine Tourism E-Shop Selling (Exports) Higher demand for Greek Products Exploitation of waste, production of value added products 	<ul style="list-style-type: none"> Macro Environment Intense Competition Imports Bulk Wine and Substitutes Lack of Cash Flow in the market Economic and Political Uncertainty

S: Cultivation of local varieties is an asset and competitive advantage, mostly against competition coming from imports. The 300 Greek wine varieties, give W.W. the chance to produce differentiated products that people around the world seek more and more lately. The investment in new equipment, as well as the experience and expertise of the company's executives are the foundation that supports the whole structure. Furthermore, the knowhow and continuous interest in research, along with the advantage given by the private property owned and the alliances that been formed, strengthen the position and make W.W. an identifiable competitor within the industry.

W: The difficulty in traditional fund raising (bank borrowing) and the problems associated with delays in accessing European funding, minimize the potential for continuous liquidity. The small production vs. high production costs and strong competition within the industry are the biggest difficulties the company has to deal with. The fact that it has no access to distribution channels, significantly affect the pricing policy which is shaped by the distributors.

O: Strategic partnerships at the level of SMEs, is perhaps the only way to deal with intense competition and threats of the macro-environment. As in the case of the “Wine Roads of Nemea” collaborations can strengthen the company’s position in the market and improve profitability. Furthermore, through joint actions research results that can give rise to competitive advantage can be better exploited. The use of the Internet and other media can bring the company’s product directly to consumers, significantly increasing liquidity and profitability. Beside this, by setting an e-shop or selling through online supermarkets, new distant markets can be penetrated. New consumer trends that favor Greek products, is also something that has to be evaluated.

T: The macro-environment is the greatest threat the company has to deal with, since it does not possess much leverage against large macro-economic changes. Simultaneously, high competition from established players coupled with the ever-increasing imports of bottled wine and the tendency for bulk wine shrink the company’s share and seriously threaten profitability. Finally, the weakness of major clients to repay their obligations to the company hampers its ability to purchase raw materials, compensate suppliers and ensure savings for further investments and dividend payments.

A.1.5. Objectives & Goals

Once the company has performed a SWOT analysis of the internal and external environments, it can proceed to develop specific goals for the planning period in a process called goal formulation. In order to be effective, goals have been: a) arranged hierarchically to guide the businesses in moving from broad to specific objectives for departments and individuals, b) stated quantitatively whenever possible, c) realistic and d) consistent.

- Be staffed by entirely satisfied and well-trained people that work under conditions of absolute safety and hygiene. (Contributions to employees)
- To fully produce safe products, at the best quality available. (Efficiency)
- To use innovative technologies at all stages of activity, from production to marketing, sales and administration. (Technological leadership, utilization of resources)
- To benefit from the experience and expertise of managers and owners in order to implement growth strategies that will consolidate its recognition and prestige in the domestic and international markets. (Growth, market share, reputation)
- To affect the work and knowledge of executives and decision-makers, who shape the policy and the future of the industry in Greece. (Profitability, contribution to Society)
- To create long-term value to its customers, society and shareholders. (Shareholders wealth, survival, contribution to society)

- It has to be mentioned that each choice of objectives, calls for a different marketing strategy.

A.1.6. *Business Description*

We enter the winemaking business because of our love of wine, winemaking, and the winemaker lifestyle. All four owners of the W.W. have prolonged experience in one or more aspects of the wine and distillation business and a dream to own and operate our own small premium winery.

The proposed winery will be a semi-vertically integrated, boutique vineyard and winery/distillery located in the Nemea wine region. This is the largest and probably the most exciting Protected Designation of Origin (PDO) region for red wines in Greece, in the northeastern corner of the Peloponnese.

Our winery plans to establish 3 hectares of organically cultivated vineyards planted with the Agiorgitiko⁵ variety. In addition to own production, W.W. will purchase grapes from selected vineyards. The W.W. will invest annually, € 7,000 euro for purchasing 15,000 kg of Malagousia grapes and €15,000 for purchasing 30,000 kg of Agiorgitiko grapes, from the Nemea region.

The distillery distills exclusively its own pomace for the production of the distillate (tsipouro). The current legislation permits the operation of the distillery within the premises of the winery as an independent unit, which could also be allowed to bottle its products. In this way, the winery makes an effective use of its own marc. After the must is separated from the rest of the grape marc, the remaining pomace (about 30% of the total grapes) is fermented and distilled. After the appropriate dilution, 20% of the product is ready for bottling and consumption.

There are a number of successful wineries in Nemea, most of them focusing on making red & rose wines from native varieties. These wines are very popular among local consumers; however, there will be a growing demand for high quality red wines from the Nemea region in the near future. Research shows that as consumers become more sophisticated about wine, they gravitate towards higher quality red wines. W.W.'s goal is to fully utilize its production facilities by producing, marketing and selling up to 45,000 bottles of distinctive, rich and innovative wines (€11 to €18 per bottle) and 5,000 bottles of Tsipouro (€2.97 to €3.61 per bottle). Most of the sales will be done directly from the winery's tasting room (retail) to progressive wine consumers, and to a lesser extent at selected restaurants and distributors. As production increases, other distribution channels will be explored and utilized (high-

⁵ Agiorgitiko is a very versatile grape variety that can be made in a wide range of styles from light rosés to soft, fruity reds made by carbonic maceration in a style similar to the French wines of Beaujolais, to very tannic wines with spicy, red fruit aromas and the potential to age. At its most extreme, Agiorgitiko wines have the potential to be very low in acidity, high in alcohol and high in phenolic with both issues requiring the winemaker to make decisions on how to handle these components in order to make a balanced wine. The small berries and thick skins of the grape contribute to high phenolic levels of Agiorgitiko which leads the wine needing very little maceration time in order to extract the deep, dark color associated with the grape. It also contributes to the tannin levels and the grape's ability to handle the effects of oak aging in the barrel

end restaurants and wine shops). The time plan for operations is August 2018 while the winery will open its doors to visitors on November 2018.

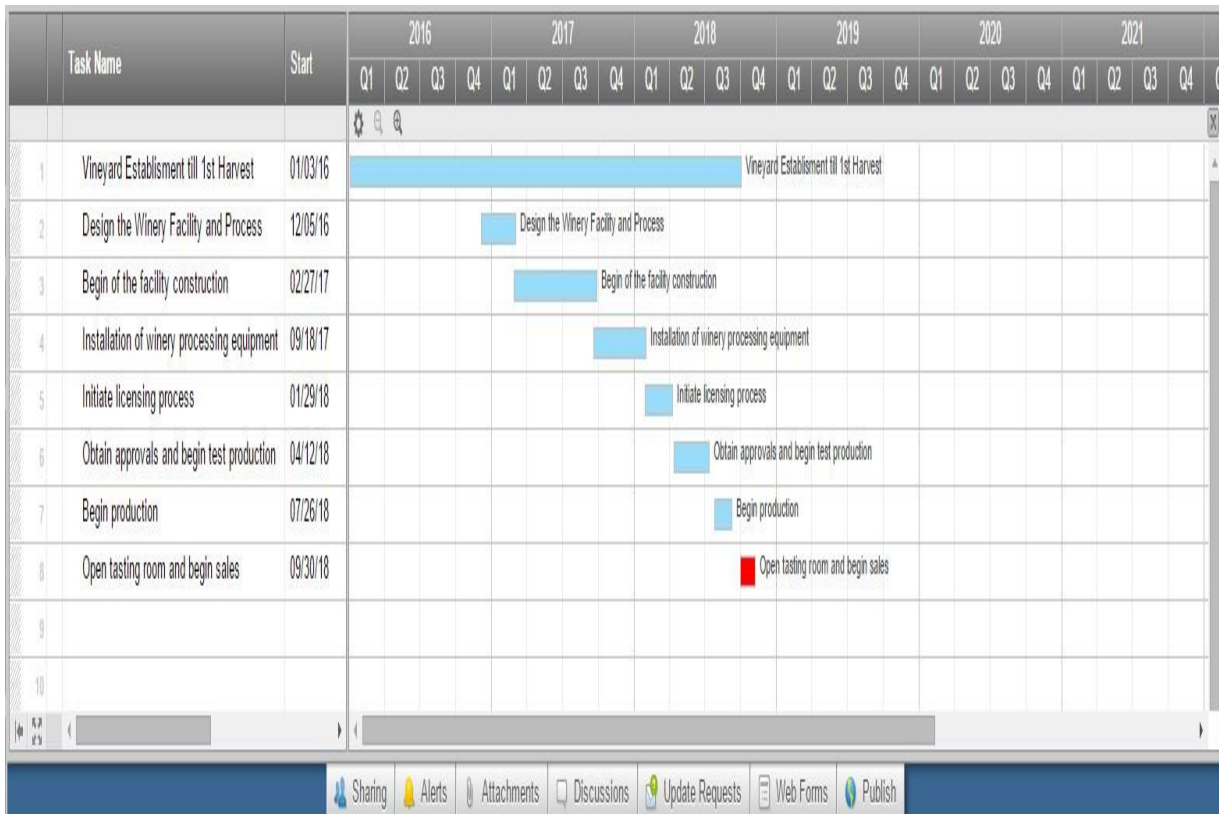
The winery will be set up as a *Societe Anonyme* (SA). An SA was selected because of its liability protection, flexibility, and credibility with creditors and other stakeholders⁶. Ownership shares and, correspondingly, control of the company is allocated as follows:

- Winemaker/ General Manager: 35%
- Marketing – Sales and Tasting room manager: 35%
- Shareholders: 25%
- Employees (All): 5%

The prioritized actions of the management team are shown and scheduled in Table 1.

Table 14: Scheduling of Actions

⁶ See Appendix for an overview of the pros and cons of alternative legal business form in Greece.



A.1.7. Features and benefits

W.W. will be a vertically integrated vineyard and winery operation allowing for complete control of grapes and wine/tsipouro quality. From planting and harvesting through production and finally to the customer’s palate, company will work to ensure every bottle is its best. Our operation’s unique features designed to enhance customers’ experience include:

- Harvest and traditional distillation parties for interested friends of the winery, to participate and celebrate in the harvesting and crushing of the grapes as well as the distillation process.
- Environmentally friendly vineyard, and production unit incorporating Integrated Pest Management (IPM) in the vineyard, and recycling and composting programs in the facilities.
- Braille System on the label, both on Wine and Tsipouro bottles
- Comparison with comparatives for product and wine/tsipouro tasting events
- Arrange tours within site
- The tasting room is available for exhibition, book presentation etc.

After eleven years of experimenting and research within AUA, with different Greek varieties and perfecting the wine styles and varieties, company's winemaker has selected three specific wines and distillates that the winery will offer. These wines will complement local fare including: Agiorgitiko aged red wine, Agiorgitiko rose, and Malagousia barrel fermented white wine and Tsipouro Distillate.

Agiorgitiko: is a red Greek wine grape variety that, as of 2012, was the most widely planted red grape variety in Greece, ahead of Xinomavro. The grape has traditionally been grown in the Nemea region of the Peloponnese. One of the more commercially important indigenous Greek varieties, it can exhibit a wide range of characteristics, from soft to very tannic, spicy with notes of plum and low acidity but good fruitiness and coloring.

Malagouzia White: In the 1970s, the Malagousia considered extinct and few knew. Today, after painstaking work of university professors, leading growers and oenologists, the Malagousia widely regarded as a world-class grape, which gives excellent dry white wines. The Malagousia gives wines with moderate pale yellow color and very intense aroma with hints of peach, green pepper, basil and flowers. On the palate, the wine is round, full, but always fresh, with moderately high alcohol levels.

Tsipouro: Tsipouro/Tsikoudia is an authentic Greek product closely interwoven with the Greek lifestyle, hospitality and entertainment. It is produced by the distillation of grape marc. The production process commences with the selection of the grape varieties and in turn entails the thorough fermentation of the grape marc, namely the pomace (the skins remaining after pressing the grapes to obtain the grape must, indispensable for the production of wine) and the slow and gradual distillation of the fermented grape marc. High-quality grapes are integral to the production of superior Tsipouro. As a result, factors such as the grape variety, the composition of the vineyard's soil, its altitude and orientation, the particular year, the cultivation practices, the year of vintage, etc have a crucial role to play in terms of the end-product.

A.2. Plan of Operations

A.2.1. A Wine Grape Vineyard Establishment

Introduction

In this section the description of the works for planting and the establishment of a new grapevine vineyard (varieties: Malagouzia / Agiorgitiko) will be done. The average analytical cost of work per 0.1 Ha will be also analysed. The annual vineyard canopy management of the new plants will be also described and the cost will be shown.

The parcels are on a vineyard with loamy texture, of intermediate fertility and of up to 10% decline. There are irrigation facilities which is necessary for new plantings. The planting density will be 300 plants / 0.1 Ha (Planting distances: 1,25m X 2.50m).

A Productive Vineyard Establishment

Process of vineyard establishment

- Site - field selection (climate, soil, water, topography) or the available field,
- The ground is formatted and includes flattening of low-lying fields and the structure of slopes.
- Selection of grape variety, based on:
 - o The legal framework (PDO, PGI, Local wine, Table wine)
 - o The type of wine (white, rose, red, dry, semi-dry, no sparkling, sparkling, for immediate consumption or aging etc.)
 - o The soil characteristics
 - o The climate conditions (warm or cold area, presence of early or late frosts, etc.)
- Rootstock selection
 - o Characteristics of soil (composition, calcium carbonate, parent rocks formations, existence of soil humidity)
 - o The rootstocks properties (resistance to phylloxera, nematodes, calcium carbonate, salinity, extreme soil moisture)
 - o Attitude to nutrients deficiencies (correlated with the absorption of nutrients) and vigor transmission to the graft.
 - o Climate conditions (warm or cold area, presence of early or late frosts)
 - o Malagousia and Agiorgitiko rootstocks among 110R or 41B or 1103P (depending on the soil and location)

In this study a double Cordon Royat System was chosen with spur (with 6-8 spurs of two buds on cordons) and the Spur pruned or head trained: 1-3 buds/spur

Cultivation Management of Young Vines

- Irrigation
- Nutrition
- Weed management I
- Protection of weather Injuries, disorders, pests and diseases
- Training young vines (forming spur pruned vines)

A.2.2. Establishment Cost of a Productive Vineyard

The most important charges of the establishment vineyard concern:

- The acquisition of the land (it exists in this study)
- The supply of planting material
- The lay out of the vineyard structure
- The Diseases, Pest and Weed Management
- The Irrigation
- The Fertilization
- Extra costs

In Table 15 and 16, are presented the values form the cost of vineyard establishment (per acre) with wine varieties (with the characteristics which mentioned above)

Table 15: Average cost of a vineyard production of wine grapes (1 acre)

Description Of Work	Cost
Cost of plants (300 plants)	€525
Stakes of trellis system	€1,230 (€12.3 / galvanized per piece)
Preparation of soil (Drainage)	€160

Irrigation	€200
Wires, Anchor system, Cost of workers, etc.	€900
TOTAL	€3,015

Table 16: Cost of Mechanical equipment

VITICULTURAL EQUIPMENT	INITIAL COST (€)	HOURS / YEAR (h)	ANNUAL COST (€)
Viticultural tractor 50hp	25,000	8.52	38.25
Spraying machine 500L	2,000	0.5	2.10
Fertilizer spreader	1,800	0.5	0.75
(Grass)destroyer	3,650	0.2	0.26
Cultivator / milling machine	4,000	0.15	0.34
Shoots/ tops cutter	5,750	0.25	0.25
Pneumatic shear-Tires- Extra Tools	450	0.25	0.20
Drill	1,000	4.7 (in the first year)	5.64
TOTAL	43,650		

It is noted that varieties for wine production Agiorgitiko and Malagousia are desired in the market for both the grapes, as for the added value of obtained product-wine, which can help to reduce initial costs by 10 to 20% (per acre) and to facilitate the initial capital depreciation .

Table 17: Cost of Mechanical equipment

Convergence Regions & Regions Of Article. 8 Of Regulation E.U. Numb: 1083/06 (Financing Of E.U. 75%)		OTHER REGION (Financing of E.U. 50%)		
Actions (Measures)	Mountainous Region & Island Region Less-Favored	Other Special Region	Mountainous Region Island Region Less-Favored	Other Special Region
Eradication-grubbing (soil preparation-loss of income)	665	610	590	535
Replanting	615	497	410	332
Planting	615	497	410	332
Regrafting (loss of income)	725	532	610	440

Improving vineyard management	390	313	260	209
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In addition to the grapes from our own vineyards, the W.W. will purchase grapes from top vineyards around the Nemea region. Grapes will be transported to the winery via flatbed trailers.

A.2.3. White wine making process

The white winemaking processes include the following steps:

- Crush and press – grapes are destemmed, crushed, and pressed to obtain the juice in preparation for fermentation.
- Pre-fermentation clarification
- Fermentation – juice is converted to wine by adding wine yeast to the juice in a fermentation tank
- Three (3) days after the initiation of alcoholic the wine a part of the wine will be raked to the oak barrels and will complete fermentation over there
- Aging⁷ and Storage – wine is allowed to settle and stabilize in tanks, and then it is raked into clean tanks leaving sediment behind.

A.2.4. Red wine making process

- Similar steps are followed for red wine production. The main difference is that red grapes after destemming and crushing will go to the maceration tanks for anthocyanins and tannins extraction in parallel with alcoholic fermentation. This step takes 1-3 weeks.
- Red wine is ageing in oak barrels to impart oak characteristics. From 6 up to 24 months.
- Fining, Filtering, and Bottling – fining and filtering are used to finish and clear the wine, removing unwanted proteins and other micro particles. Bottling is the final step of the process.

⁷ Aging here means the time the wine stays in the bottle until is consumed.

A.2.5. Distillation process

After red winemaking or after fermentation of white grape marc supplemented with juice the grape marc and wine is led to the 1st distillation

- 2nd distillation
- Dilution with de-ionized water, maturation, filtration
- Bottling

A.2.6. Facilities

Winery

The winery will be a one-level building of 40.000 square meters (200x200). An outside destemming - crushing and pressing pad (20x20) will be attached under a protective roof structure. The winery's production area will include a refrigerated storage area for fermentations and winemaking as also for cold stabilizing wines (100x100), tank and cooperage storage area, a small laboratory for wine chemistry analysis and a finished product storage area. The tasting room will be at the front of the building (20x20).

Plans for future expansion will be incorporated into the design.

Distillery

According to the legislation the building of the distillation unit should be independent than that of the winery building. For the unit described here a total of at least 120 sq.m. and with adequate height so that the distillate to receive the collection tanks by the alambic with natural flow, without going through pumps. Also, the distillery should be in a separate area from the beverage (and bottling) unit, but may be co-located. With the new law passed recently (N. 4303/2014 and 4336/2015), the winery can only bottles its own production of tsipouro, having distillery without is necessary to be a beverage industry. [A.2.7. Suppliers](#)

Winery equipment	Stainless steel tanks	Oak barrels	Lab ware	Suppliers
SENIS S.A.	GAVALAS	NADALIE	ATHAL	OENOLYSIS
ARGYROS Co	GR - INOX	SEGUIN MOREAU	LINK LAB	ENOCHIMIKI
				ASTRON
				SPINDAL SOUTH EUROPE

Suppliers for Alambics

Xalkos - T. M. Pavlidis

Afimar,

Elexalko,

Pavlidis - Tyrnavos

A.2.8. Sales

During its first year, the W.W., SA, will mostly rely on direct retail sales from the tasting room and e-shop while focusing on building customer relationships. It will also sell a small quantity to selected restaurants and wine shops in the Peloponnese area, as well as to online supermarkets. The main goal of these sales is to establish the winery's brand. This sales practice is common to most Greek wineries⁸.

It is important for small wineries to invest in direct sales. This means winery sales, club sales, and on-line sales. W.W. competitive advantage relies partly on the scientific knowledge and research experience of its staff. During the first years of its lifetime, the company invests in advertising and promotion of its competitive advantage while simultaneously adopts appropriate marketing approaches to establish its position in the market (wholesalers, liquor stores, e-shop, electronics supermarket etc.) and increase its sales. During this first period building strategic alliances with grape producers to ensure premium quality grapes is an important business strategy. During the second year of operation, sales will increase through the integration and utilization of wine tourism programs (e.g. the "wine routes"). Furthermore, through joint actions with other wineries and distilleries, marketing efforts to increase sales should focus on education of both Greek consumers and business operators on the quality, characteristics and varieties of wine produced. These activities aim at achieving the growth of the market and at the same time increase the winery's client base through direct contacts with consumers. The expected outcome is increased sales volume, higher profit margins, cost minimization and brand recognition.

In addition to the above, collaboration with online supermarkets, minimizes the barriers to entry in the global markets. At the same time, entering into electronic commerce, allows to reach consumers directly bypassing intermediaries and all the associated costs (re-storage, distribution costs etc.). In order to increase the sales during the second year of its life cycle, W.W. will start making sales also through mass merchandisers, such as web supermarkets. That will help develop and expand its network by spending an amount of money on trade promotion in order to gain or hold "shelf space" in retail outlets. Trade promotion includes discounts, "in-store" special offers and advertising. After

⁸ Approximately 60% of Greek wineries sell wine directly from their tasting room and e-shops (own estimate).

the brand name has been established W.W can pursue the introduction of new relative products, slightly differentiated from the other products of the company's product line. A soft drink bottler, for example, could offer same flavors but lower alcohol. The strength of the brand varieties, will allow products to be introduced to market faster, with lower marketing costs because consumers already know and trust the variety.

A.2.9. Projected personnel requirements

Table 18: Projected Personnel Requirements Employee - Job Descriptions

Position	Job Description
Winemaker/ General Manager	Overview of Wine and Distillates production, quality control, coordination of operations and maintenance, sales, marketing, financial record keeping, and staffing (Starting in year 1)
Cellar Rat	Assist winemaker with wine and distillation production, quality control, coordination of operations and maintenance, and warehousing
Marketing - Sales and Tasting room manager	Marketing Operation, Operate tasting room, monitor tasting room inventory, give winery tours and control tasting room sales, public relations, update social media (Starting in year 1)
Temporary harvest workers	Assist winemaker with wine production during harvest, (Starting in year 1)
Temporary bottling worker	Assist winemaker with wine bottling (Starting in year 2)
Clerical/ secretarial	Answer phone calls, file papers, assist with accounting (Starting in year 1)

Table 19: Annual expenses for Permanent and Temporary Personnel

Annual expenses for Permanent and Temporary Personnel					
Type of Personnel	Number of Personnel	Position	Gross Monthly Salary	Months of Employment	Gross Annual Salary Total
Permanent	1	Owner/Oenologist	1,301	12	15,612
Temporary	4	Unskilled worker	300	7	1,200

A.3. Management Team

In the foreseeable future, the four owners of the W.W. will perform most job functions. The only employees to be recruited from the labor market on a part-time basis are a clerical assistant, a cellar rat, and the harvest/bottling workers. These will receive on-the-job training if deemed necessary by the general manager.

Winemaker, General Manager

Duties: implement the board's decisions, keep track of costs and earnings, interact with visitors, and focus on building a growing, lasting and sustainable business. Oversees daily opening and closing register procedures and provides bookkeeper with documentation. Monitors and tracks wine inventory. Ensures merchandise is priced properly and is visually appealing. Collects and submits inventory, sales and tax data to the bookkeeper. General supervision of the production process.

Marketing-Sales and Tasting Room Manager

Duties: Marketing Operation, Operate tasting room, monitor tasting room inventory, give winery tours and control tasting room sales, public relations, update social media. Also the marketing-sales manager is responsible to develop and implement the short and long-term marketing strategies of the company, and interact with all the members of the supply chain.

At this point, an establishment of an advisory council consisting of selected business leaders and experienced marketers along with community representation and academic consultants, it is recommended. The advisory council will meet with the management team semi-annually to review strategic issues.

Table 20: Board of Directors- Advisory Board

Board of Directors- Advisory Board		
Advisory Council Member	Domain	Expertise
Koundouras Stefanos	School Of Agriculture / Thessaloniki	Professor Of Viticulture
Perpera Sofia	All About Greek Wines	Greek Wine Promotion
Fei Orfanou	Lawyer	Consultant Of Technology Transfer
Stergides Ntinios	Vinetum	Wine Exhibitions

A.4. Stakeholders

Stake Holders Analysis

Table 21: Stake Holders Analysis

Stakeholders	Stakeholders Interest	Assessment of Impact
Supply		
Inventors	High: They want to invest their capital in new and profitable enterprises	High: They require short payback period and great dividends
Wine producers	High: They want to standardize their products in Greece in order to achieve higher prices	Low: There are many independent viticulturists and they have no bargaining power
Equipment Suppliers	High: They want new entries in order to sell their imported equipment	Low: They import the equipment from other countries and they have not much bargaining power on the processors companies

Packaging Suppliers	High: They want new entries in order to sell the packages they import	Low: They import the packages from other countries and they have not much bargaining power on the processors companies
Material Suppliers	High: They want new entries in order to sell the materials they import	Low: They import materials from other countries and they have not much bargaining power on the processors companies
Banking	Low: The financial crisis has a negative impact on the sector of investments	High: They have much bargaining power, the companies depend on their loans in order to get developed
Wholesales	High: They want to collaborate with new enterprises in order to buy either cheaper or qualitative products	High: The price and the collection period are determinant for the processors company. Impose the merchandizing
Retailers	High: They want to collaborate with new enterprises in order to buy either cheaper or qualitative products	High: 3PL, Supermakets, Mini Markets, Liquor Stores and Eshops with high bargain power
Consultants	High: They want new enterprises in order to offer their services	Medium: If the company follows a false advice-strategy it will not

		be profitable
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Demand		
Consumers	High: They search for new entrances and wider diversification in price and quality	High: The level of satisfaction linked with the loyalty and the profits of the company

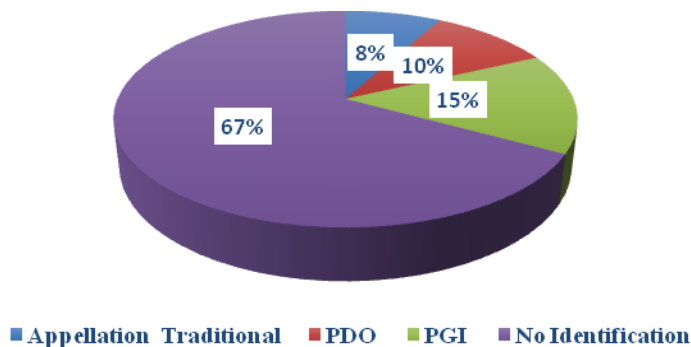
Ho.RE.CA	High: They search for new entrances and bigger diversification in price and quality	High: Vital for profitability, acting as an intermediate so that consumers can taste our products, they use bulk products and cheaper substitutes
Regulation		
Agricultural Authorities	Medium: The authorities are interested in new enterprises in order to check their actions	High: The company depends on European subsidies, proper utilization of resources Bureaucracy
Food Safety Authorities	Medium: The authorities are interested in new enterprises in order to check their actions	High: The company should apply the legislation on food safety to avoid penalties Bureaucracy
Environmental Authorities	Medium: The authorities are interested in new enterprises in order to check their actions	High: The company should apply the legislation on environmental protection to avoid penalties. Bureaucracy
Ministry of Labor	Medium: The authorities are interested in new enterprises in order to reduce the unemployment	High: The company should apply the legislation on working conditions and job security for employees
Ministry of Finance	Medium: The authorities are interested in new enterprises in order to increase public profits	High: Fair tax payments Bureaucracy

A.5. Industry Analysis

A.5.1. Wine consumption trends

The industry analysis shows that the current consumption trends are favorable for domestic producers of premium wines. Premium wine consumption was estimated at 15% in 2014 for wines priced between €6 and €10 per bottle. On the other hand, luxury wines priced at €16 or more represent 4% of domestic consumption (ICAP, 2015). Based on their quality characteristics, simple table wines represent the dominant category in the domestic market, followed by Products of Geographical Indication (PGI), and Products of Denomination of Origin (PDO) (Figure 1).

Table 22: Percentage of Wine Consumption by Wine Category in Greece (2014)



Source: Ministry of Environment, Energy and Climate Change

During the last five years, the overall domestic wine production first decreased and then increased again to 3.343 thousand HL in 2014. As a result of the economic crisis, total domestic and per capita wine consumption have decreased to 27 lt per capita from 28.4 lt per capita in the previous 5-year period. **However, popular premium wines increased their market share of the bottled wines during the same period to 80%.** Research shows that consumers are drinking more expensive and higher quality wines; the W.W. plans to capitalize on this trend. Red wines represented 28-39% of domestic wine production in the last five years while the rest of the production is white wines.

Another trend observed during the economic crisis is that domestic wines have substituted for a significant part of wine imports. 163,000 HL were imported in 2014, down 9.5% compared to 2013. Exports of Greek wines decreased after 2010 but in 2014 increased by 15.5%, compared to 2013, representing a value of €63 million. More than 49% of these exports reached Germany, traditionally the largest buyer of Greek wines; exports to European countries represented 84.5% of wine exports in 2014.

The USA seems to be a very promising export market, particularly during the last ten years; currently it absorbs approximately 7% of Greece's wine exports.

A.5.2. Demographic trends

Experts attribute the abovementioned trends to the economic crisis. At the same time, even during the crisis years, wine consumers living in the two main cities of Greece (Athens and Thessaloniki) have a higher average income when compared to consumers of rural areas. At the same time, these consumers are more accustomed to drinking high-quality wines and visiting local wineries to taste wines. As a result, and despite the current economic crisis, wineries located in proximity to these two urban centers are expected to increase their on-site sales as long as they succeed in attracting visitors. Furthermore, the economic crisis led to lower prices for accommodation, dining and other tourism related services. In combination with international developments (e.g., war in Syria, etc.), these have

led to an increased inflow of tourists to Greece, which is expected to grow even further. These tourists represent a promising market for local wineries, particularly those around or close to archeological sites that attract many tourists. Many of these tourists have accumulated significant wealth and can afford to spend their money on premium wine.

A.5.3. Legal/Taxation regulations

Both the vineyard and winery business are regulated by the national government and the European Union. In order to establish a vineyard, an individual must apply for a special 'license to install vineyard and provision of vine cuttings against leaves dryness.' Further, in order to produce and sell wine the winery must apply for a number of licenses (Table 4). Requesting these licenses is time consuming, expensive, and tedious process that generally requires either a good knowledge of the process or the help of an experienced lawyer. Production facilities, storage facilities and prospective wine labels must all be approved prior to production. (Appendix 2)

Table 23: Winery Establishment and Operation Licenses

Winery Establishment and Operation Licenses⁹

⁹ For a detailed description of the process and documents submitted for each license, the reader is referred to the Appendix.

Public Services Involved	License
Urban Planning Services	Building license (building for industrial use)
	Waste disposal License
Department of Development	Establishment and operation permit or exemption
Fire Department	Fire Safety Study Certificate
General Laboratory	Bottling License (includes licensed for bottling operations and purchase of exceptional bottling code)
Chemical State	

Source: <http://www.gaiapedia.gr/gaiapedia/index.php>

The winery, as a public limited company (SA) will pay 26% of its profits as taxes and a 10% tax on dividends distributed to its shareholders. The initial, one-time-off establishment cost is €5,200.

A.5.4. Environmental regulations

Environmental regulations also play a role in the grape growing and winemaking process. Wineries that produce large amounts of wastewater and the disposal of this water are tightly regulated. Due to its size and production capacity, the W.W. is not expected to face problems related to these regulations or incur significant costs in order to abide with the current environmental regulations.

A.6. Competitors Analysis

The Greek wine & distillation market is highly fragmented and competitive. Oversupply in the lower quality categories and the availability of several substitute products give rise to significant rivalry. However, the premium wine segment has many of the characteristics of monopolistic competition, where wine producers have an, albeit limited, power to differentiate their products and create loyal customers.

Further, given the W.W.'s primary focus on sales made out of the tasting room, its direct competitors will be other small Nemea region wineries.

The forecasted increase in the number of domestic and international visitors is expected to benefit Nemea wineries up to the point where they can implement successful strategies to attract them and maintain a relatively stable customer base.

A.6.1. Names of competitors

Table 5 proffers and overview and key details of the W.W.'s direct competitors in the Nemea region. Their selection was based not only on spatial considerations but also on the production of the same variety.

Table 24: Director Competitors in the Nemea Region

Director Competitors in the Nemea Region

Winery	Address	Phone Number	Web	Email	Same Varieties
Aivali Estate	40 km Provincial Road of Nemea, 20500 Petri	(+30) 27520-21175, 6934324302, 6972271531	http://www.aivaliswines.gr	sotirisaivalis@gmail.com	Agiorgitiko
Gaia Wines	Koutsi, 20500 Nemea	(+30) 27460 22057, 27460 22056 (fax)	http://www.gaiawines.gr/	gaianeme@otenet.gr	Agiorgitiko

Lantidis Estate	Xerokampos, 20500 Nemea	(+30) 2746024056, 2106544905	http://www.lantides.gr/	info@lantides.gr	Agiorgitiko
Lafkiotis Wines	Archaies Kleones, 20500 Nemea	(+30) 27460 31000-31244, 27460 31361 (fax)	http://www.lafkiotis.gr/	info@lafkiotis.gr	Agiorgitiko
Domaine Bairaktaris	Eleftheriou Venizelou 83, 20500 Nemea	(+30) 2746020455, 2746020456 (fax)	http://www.bairaktariswines.gr/	new_wine@otenet.gr	Agiorgitiko
Nemeion Estate	Nikolaou Efstathiou 8, 20500 Nemea	(+30) 27460 20700, 210 6626870, 210 6626146 (fax)	http://www.nemeionestate.gr/	info@nemeionestate.gr	Agiorgitiko

Palivou Estate	20500 Nemea	(+30) 27460 24190, 27460 20191 (fax)	http://www.palivos.gr/	info@palivos.gr	Agiorgitiko
Papantonis Winery	Kanari 47, 21200 Argos	(+30) 27510 23620, 27510 24719 (fax)	http://www.papantonis.gr/	info@papantonis.gr	Agiorgitiko
Raptis Wines	Leontio, 20500 Nemea	(+30) 27460 61700, 27460 61701 (fax)	http://www.ktimarapti.gr/	info@ktimarapti.gr	Agiorgitiko
Gofas Estate	Koutsis, 20500 Nemea	(+30) 27460 24281	http://www.ktimagofa.gr/	info@ktimagofa.gr	Agiorgitiko
Barafakas Winery	Pindou 8, 20500 Nemea	(+30) 27460 22484, 27460 22484 (fax)	http://www.barafakawines.gr/	info@barafakawines.gr	Agiorgitiko

Source: <http://www.nemeawineland.com/wineries>

A.7. General Description of Competitors

Over 40 wineries are based in the region of Nemea. However, only 11 of these are considered to be among the W.W.'s direct competitors. Most of the latter are in the market for more than 30 years and, as a result, possess the knowhow and experience related to all stages of the wine value chain business.

The profile of the company's competitors is characterized by:

- Small boutique wineries producing less than 70.000 liters annually.
- Average price of €11.62 per bottle at the retailing level (Table 6).
- Tasting room and banquet room.
- Cellar room tours and tastings.
- Picnic facilities and special events.

Table 25: Average Prices of Selected Wines from Nemea

Average Prices of Selected Wines from Nemea		
Winery	Wine	Price
Semeli	Nemea Reserve 2012	€9.80
Lantides Estate	Cava Lantides 2011	€15.90
Palivos Estate	Nemea 2013	€10.50
Lafkiotis Winery	Agionymo Lafkiotis 2012	€12.20
Gaia Wines	Agiorgitiko Gaia 2013	€9.70
Average Price Sold		€11.62

Source: Calculations based on information displayed at wineries' websites

An astonishing 95% of the wineries have a commercial web site page where you can find information about the vineyards and wineries, as well as the products and the services they offer. Their web pages are easy to explore and the information they provide is giving everything a quest is looking for, sometimes also in English. What should be mentioned, though, is that only 45% of them have an e-shop where people can buy their wines online.

Facilities in modern wineries include guesthouses, bistro, private tasting halls, all located in picturesque landscape, approachable by car. Moreover, events wine and gastronomy sessions, private tastings and exciting tours complete the scenery.

It seems that they are also well organized, as they offer complementary services, such as:

- Vineyards and Winery Tour
- Tasting of Wines
- Wine tasting Seminars
- Lunch inside the winery accompanied by wine
- Tours in the area
- Special discount in buying wines from the winery

- Wine exhibitory
- Grand hall for the hosting of tasty events
- Cultural events

Their key product is wine, so 98% of them are focused on wine production only, offering no other products. The rest 2% is also offering products such as Tsipouro and olive oil. Their pricing policy is quite the same, as they sell Popular Premium wines €5-€6 and Premium wines €7-€10.

The wineries that own web pages also have a Face book page and through those two are mostly trying to promote their wineries and products. They have done a very good job, concerning Google tools, as typing their name on the search engine brings information about their web page link at the top of the list. Another way they use to promote themselves is by advertising their business into magazines and web sites that are specialized in the wine industry, or participating in exhibitions and competitions, in Greece and abroad.

Wine tourism and the integration of the winery to “wine routes” is something everybody has embarrassed. Since they show interest in that and some of them are members of the board of “wine roads”, approaching them for a future collaboration, is a very perspective and promising idea.

It is believed new local wineries will arise the following years and that will increase consumer interest in the region, improve recognition and acceptance of company’s wines and finally increase competition. Indirect competition exists from Greek wines produced in Crete, Macedonia and Rhodes, as well as foreign-made wines. Many of these wines produced by the large volume wineries are cost competitive and targeted to “traditional” wine consumers that spend an average of €20 per bottle (ICAP, 2015). This segment will not be company’s short-term focus.

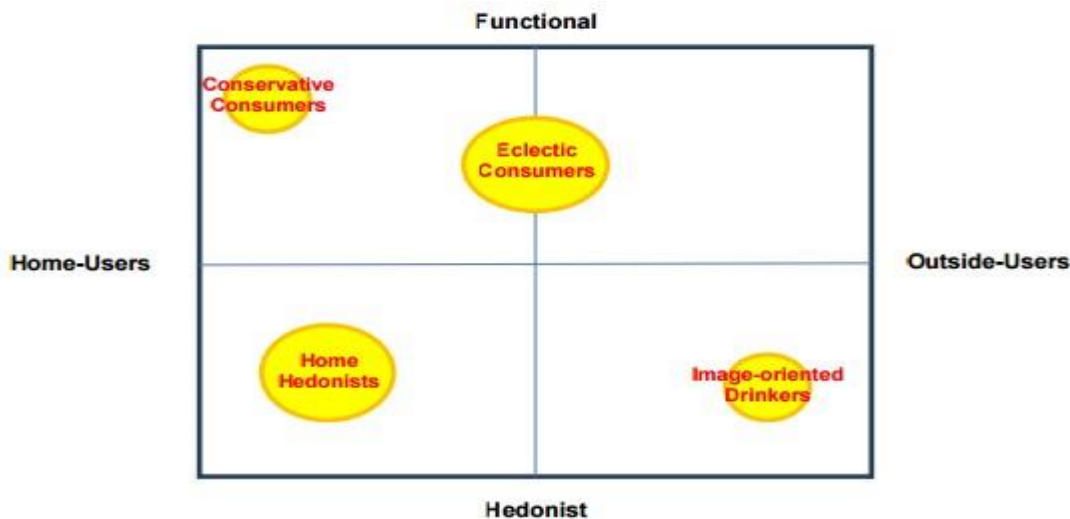
Substitute competition may occur with a small segment of the population involved in home winemaking as bulk wine is estimated to have accounted 63% of total consumption in 2014. The consumer who chooses his or her wine on price alone should be a target market. Wines are also chosen based on vineyards, taste and food selection. Ambience can play a key role. The customer must not feel intimidated or ignorant.

A.8. Marketing Plan

A.8.1. Target market

The results that have been obtained from ELSTAT's cluster analysis, showed four market segments: "Home Hedonists" that represent 31.34% of sampled individuals; "Image-oriented Drinkers", that represent 20.36% of sampled individuals; "Eclectic Consumers", that represent 30.12% of sampled individuals; "Conservative Consumers", that represent 18.18% of sampled individuals. In order to assure a better understanding of different features characterizing the identified segments, we put them on a twodimension map (Picture 3). The first dimension we considered (vertical axis) is related to the benefits associated to wine purchase and consumption: on the top we find consumers mainly motivated by functional and utilitarian reasons; on the bottom we find consumers mainly motivated by esthetic and symbolic reasons. The second dimension we considered (horizontal axe) is related to the typology of consumption of wine, considering both the occasions and the places where it is usually drunk: on the right we find consumers usually drinking wine outside, in public places and/or in social events; on the left we find consumers usually drinking wine at home, at lunch/dinner or with friends.

Figure 27: Green Wine Market Segment



A.8.2. Customer profile

The profile of wine consumer to Peloponnese wineries shows them to be affluent, (more than 50% have incomes of €20,000 or more) baby boomers (average age 41), educated (63% with college degrees), and female (64%). The majority of consumers buy traditional wine mainly based on the believing that is made of pure materials without chemical additives used in wine preservation. The

most important reason, for the small percentage of consumers who do not choose to buy traditional wine is the fact that they make it themselves. The 82 % of them prefer bottled wine beverages. Another 58% very often reads the information on the label of packaged traditional food and drinks, and is interested to hear mainly the expiry date, ingredients and place of origin.

Furthermore, our main target group is willing to spend around €6.00 to €10.00 per bottle, in order to find the preferable variety and taste. Another important data is that Greek wine consumers consume per year, 37 liters per capita.

All the above information, gives us a good idea of how the products should be developed.

What is worth to mention, is that beside local market wine producers should always pay attention to global trends and rising markets. For example, in 2010 the US became the largest consumer of wine in the world. According to OIV, US wine consumption has shown increases for the last 22 consecutive years, and since 2000 has increased by 45%. In 2014 US wine consumption reached 375 million cases (case/12bot) with an estimated retail value of \$37.6 billion.

Besides its small size W.W will try to keep up with the developments in the global markets. For this reason it will participate in the global exhibitions and EU-funded programs such those that support promotional activities in Third countries and Europe.

A.9. Product

A.9.1. Varietals

Two vinifera varieties are selected for the final product mix. The varieties are Agiorgitiko and Malaguzia. The winery will cultivate the Agiorgitiko red variety, native to the Nemea region and buy Malaguzia grapes through contracts with local grape producers.

A.9.2. *Production volumes*

It was determined that for the proposed winery production volumes in year one will start at 37.5 thousand It and increase as the winery builds its reputation and customer base. However, in order to preserve its small winery status, production will reach a peak of 52.4 thousand It in year 10 and remain stable afterwards.

A.9.2.1. *Packaging decisions*

Packaging decisions are another important element of a product's offering. Any item, regardless of its value, is far more exciting when wrapped in an attractive package. Winemakers must decide on labels, text on the labels, bottles, corks, capsules, and boxes. Each of these elements contributes to

an individual's consumption experience, and these packaging decisions reveal a great deal of information about the quality of wine inside the bottle.

A.9.2.2. Wine label

The labels used by wineries are as important in attracting consumers as the content of the bottle. This is why they should be inviting, esthetically appealing, informative, and reflects the winery's identity. In order to adopt such labels, the W.W. will hire a professional designer with prolonged experience in designing successful wine labels. Thus the label will be designed by Katherine Petala, Ltd, an advertising marketing firm in based Athens that specializes in wine marketing and label design. Label design costs are budgeted at € 9,800.

Concerning the brand name of the product, focus will be given to Agiorgitiko Red Wine. The name of that product will be named Fliasia Gi (Land), in honor of the ancient city of Fliounta, which, in ancient times, was located where the city of Nemea is now. This will connect the product with the history of the place and will help the marketing department to reach more potential customers.

A.9.2.3. Bottles

W.W. strongly believes in the importance of product image, presentation and quality packaging. Heavy weight, high quality bottles are about to be used, bought from Yioula Glassworks, SA, which are more expensive than most other bottles⁹ but are of top quality. Red wines will be bottled in the "Tempest" (Bordeaux) style in antique green and dead leaf green, and white wines bottled in "Allegro" (Burgundy style) in flint. The bottles cost € 0.30 each.

A.9.2.4. Corks

Grade A, number 9 (1.25") corks will be purchased from Cork Hellas at a cost of €0.20 each.¹⁰

A.9.2.5. Capsules

Capsules complete the package and help to add a professional look to the bottle. The key issue in choosing capsules is to ensure the capsule complements the label and packaging theme. We will use wax seals in coordinating colors that cost € 0.03 per item.

⁹ YIOULA GLASSWORKS S.A., Source: <http://www.newglass.bg/?LANG=gr>

¹⁰ Cork Hellas, Source: <http://www.corkhellas.gr/>

A.9.2.6. Box

The boxes to be used represent the final elements of the packaging decision. The proposed winery has chosen cardboard six packs that visiting customers can easily carry with them back home.

A.9.2.7. Additional products

In addition to its basic product of wine, the winery will offer customers a number of other activities intended to create a “winery experience.” Wine tastings will be offered at regular times, if not daily, to encourage customers to visit the winery and try the various wines. Educational winery tours will be offered on weekends to introduce customers to the grape growing and winemaking process as long as a number of ancient grape varieties. A monthly wine tasting class will be led by the winemaker to introduce consumers to new wines and help develop their palate. Further entertainment such as harvest parties, live bands, and B-B-Q’s will be offered on special occasions.

A.9.2.8. Price

W.W. considered a series of factors and steps in order to develop its pricing strategy. A pricing method has been adapted that includes the following steps that will be analyzed in more detail.

- Selecting the pricing objective
- Determining demand
- Estimating costs
- Analyzing competitors’ costs, prices, and offers
- Selecting a pricing method

According to the characteristics of the overall Greek wine industry, the most adequate policy is “Survival” which implies that prices cover variable costs and some of the fixed costs. The intense of competition (both domestic and international) that the Greek wine industry is currently facing, favors this strategy as a safe passage when entering the market. In the long run though, the company must ultimately add value to its products. It should be noted here that in the case of wine higher prices are associated with higher quality.

Wine choices also depend on the type of customer, meaning that are some who might be influenced by high priced wines — regardless of its quality or just the price if they are loyal to wine. Internal and external factors may also occur such as wine region, prestige and reputation market trends etc.

Because of the current market conditions, company carefully analyzed also, the range of prices of the competitors, given that these will be competing directly for the same target. Hence, the prices of two nearby wineries that are considered direct competitors of W.W. in Peloponnese showed that the particular varieties are sold at an average price of € 11.62.

Once W.W. gathered information, was in a position of selecting one of the following pricing methods:

- i. Markup pricing, which implies adding a standard markup to the product's cost.
- ii. Markup price = Unit cost / (1 - desired return on sales)
- iii. Perceived value pricing, which take into account customer's perceptions on the value of their products.
- iv. Going rate-pricing, which is based on competitors' prices

Since, the company is a start-up and its main consideration is survival and establishment in the industry, Markup & Going rate pricing was the mix of factors that led the company to its final price selection¹¹.

A.9.2.9. Place or distribution

“The right people at the right place drinking the right product” and “On Premise builds brands” are two key phrases if someone wants to achieve brand development. If a wine is listed in the best restaurants or in a luxury wine shop, that's a superb cue for most groups of customers. On Premise (restaurants, cafes and bars) are the venues for key occasions and experiences for company's target market. The tasting room at the winery along with the vineyards is its most important place. Attractive, easily accessed facilities, based in a beautiful location not far from a major city, are the basic elements that comprise “The Place” for W.W. In the era of internet, catalogs, credit cards and phones, people neither need to go anyplace to satisfy a want or a need nor are limited to a few places to satisfy them. The company should be aware of its target market's preferences, in order to guarantee convenience to buy. With the rise of Internet and hybrid models of purchasing, Place is becoming less relevant. Convenience takes into account the ease of buying the product, finding the product, finding information about the product, and several other factors. That's why company's e-shop should be considered among its “Place” elements.

¹¹ To be considered: Pricing methods narrow the range from which a company must select its final price. When selecting that price, additional factors that include the impact of other marketing activities, overall company's pricing policies, gain-and-risk pricing, and the impact of price on other parties, have to be considered. Unfortunately, no strategy is a fit-for-all, thus winemakers must identify which strategy works best for their particular business or clientele. Finally, a fine balance between

A.9.2.10. Promotion

The advertising campaign will start with press releases announcing the opening of the winery to local and regional newspapers and television stations for potential special interest stories/coverage. The press releases will be targeted to wine lovers, domestic and foreign travelers, social drinkers and other wining businessmen, concerning research capabilities. In addition to the winery, press releases will inform the media of the W.W. A banquet hall will be available for special occasions, such as wedding receptions, parties, many retreats and reunions.

On occasion, extra press releases of noteworthy events will be released, such as harvest parties, community involvement and medals from high profile national competitions. Some of the special events that will be announced include Art and Wine Cellar Parties featuring regional artists and their work, harvest parties, and a Spring Music Wine Festival. Harvest parties will also take place every Saturday during harvest season (late August through September) from 8:00 am to 12:00 pm, with the participation of the visitors. Each “grape harvester” will be treated to a lunch and wine and will receive a special edition T-shirt with the logo indicating their participation in the annual harvest. In addition they will receive a coupon for a free bottle of wine during their next visit. This experience will also benefit the

customers' satisfaction and profitability must be struck. More specifically, the final price of a wine not only has to match consumers' quality expectations, but it also has to cover all production costs and reward the winemakers for their investment.

Winery in eliminating costs for grape harvesting offsetting harvest party costs. A quarterly newsletter will be sent to registered customers of “W.W. Wine Club”. As part of the registration, customers will provide their email address and birthday for the database. Each Wine Club member will receive a “Happy Birthday” email, notifying him/her of a special birthday gift certificate redeemable at the winery.

An interactive web site will be created, full of color photographs of the vineyard and winery with buttons for the wine list, a map to the winery, a virtual tour of the winery, vine and wine educational fun facts, and up-coming events. The quarterly newsletter will be posted and historical newsletters will be available. In addition, the local authorities and Wine Roads Program will assist in promotion through the

“Wine Roads of Peloponnese” campaign including brochures, wine maps, area tastings, and Web site. Special events will be included to the regional tourist brochures. Special events will also be promoted through press releases and winery's Web site.

Nevertheless, the most effective advertisement still remains the word of mouth from existing customers and W.W. will focus on customer satisfaction and relationships.

The proposed winery will participate and display wines for tastings in Oenorama and in “VinExpo” exhibition held in Athens and Bordeaux France. There is a minimum of €100 cost for participation, travel expenses and wine poured. The average number of wine lovers attending is 30,000.

Even though social media like Face book and Twitter are getting the entire buzz, search engines are more important. If a Face book friend recommends a winery or someone send a Tweet about one, it is likely that people go to a search engine to find out more about it. And if they are in the area, they are using the search engine on their phone, to find the winery for a wine tasting. The best investment any wine marketer can make is in search engine optimization (SEO) and search engine advertising (SEA). SEO is what you do to get the search engines to notice you and show you in their search results. SEA is a form of advertising that gets you into the results page of relevant searches. Unpaid “organic” or “native” listings are shown on the left side of the page. Because they are unpaid they are thought to be more trusted by searchers and therefore more valuable than the SEA listings that are shown on the right side of the results page and, often, across the top. Whether talking about organic or paid ads, the goal is to be on the first page of listings because most searchers don't look any further. It is a common secret that pretty soon, digital advertising will replace traditional ad formats. Mobile, social, and video have emerged as the major growth areas in the advertising world. According to a report from BI Intelligence and as the above chart shows, the mobile advertising market should grow at a compound annual growth rate (or CAGR) of about 50% between 2013 and 2018.

Meanwhile, the social and desktop video advertising markets should grow at 18% and 15% CAGRs, respectively. The report also predicts that non-digital markets like TV and newspaper-advertising markets will continue to decline.¹²

A significant percentage of wine (18%) will be used for promotional purposes, a breakdown of which appears in the table below:

Table 26: Percentage of Wine Withheld for Promotional Uses

Percentage of Wine Withheld for Promotional Uses	
Promotional Use	% Withheld
Poured in tasting room	10.0%

¹² The evolution of online advertising, By Patricia Garner, Jan 8, 2015, <http://marketrealist.com/2015/01/online-advertising-willoutpace-traditional-advertising/>

Given to staff/investors/owners	2.0%
Distributed to media/fairs/tastings/exhibitions	3.0%
Given to charity	3.0%
Total Volume not Sold	18.0%

A.9.2.11. Marketing Budget

The proposed winery will spend approximately € 29,000 annually for marketing their wines. This budget covers the cost of promotion activities but does not include labor costs. The four owners of the business cover marketing labor needs. In addition to the above figure, €10,000 is dedicated to the marketing budget in year one to develop a webpage and billboards, and € 5,000 is added to the marketing budget each year to cover website hosting and maintenance.

A.10. Financial Plan

Text and tables

The following tables summarize the amount of money needed to establish the proposed, premium winery. The money will be used to construct the winery and tasting room, purchase the necessary winemaking equipment, and cover the annual operating expenses. A more detailed look at the disposition of funds is provided in the financial section.

Table 27: ONLY NEW INVESTMENT (€)

ONLY NEW INVESTMENT (€)	
New Investment in Land	50,000
<i>New Investment in Buildings</i>	175,000
<i>New Investment in Equipment</i>	276,250
<i>New Investment Other</i>	107,000

TOTAL INVESTMENT

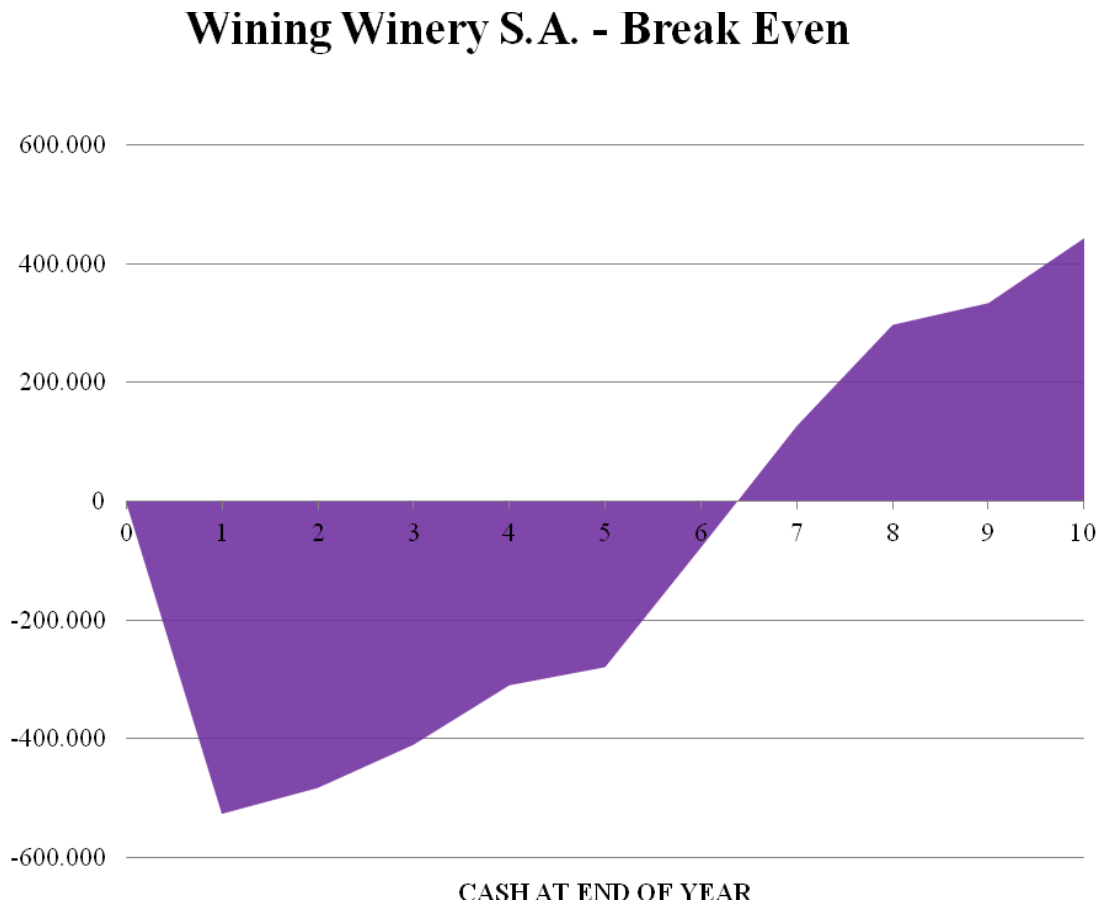
608,25
0

The financial section begins by projecting annual revenues, capital asset purchases, operating expenses, and cash flow projections for the small premium winery. A detailed description of the capital asset requirements and operating expenses are then provided. Wineries are capital intensive and the cash flow analysis showed that the winery attains the break-even point after year five; thus, investors could not expect to start receiving any funds back, before the fifth year of operation. The break-even point analysis is presented below:

Table 28: Operating Expenses

Salaries	52,824	52,824	52,824	52,824	52,824	52,824	52,824	52,824	52,824	52,824
Fixed Cost	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Operating Costs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Sales Cost (Other than C.O.G.)	44,154	45,037	45,937	46,856	47,793	48,749	49,724	50,719	51,733	52,768
Accountants	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Variable Cost	12,430	12,896	13,587	14,537	15,845	17,455	17,730	18,090	18,178	18,178
Trade Mark					900					
R&D Incl equip	11,937	2,075	2,186	2,339	2,550	2,809	2,853	2,911	2,925	2,925
PR Cost - Opening (Nov 2017)	5,000									
Raw Materials	73,275	70,953	73,614	77,561	82,983	90,449	99,638	101,209	103,263	103,765
Vineyards	3,015	3,045	3,076	3,106	3,137	3,169	3,200	3,232	3,265	3,297

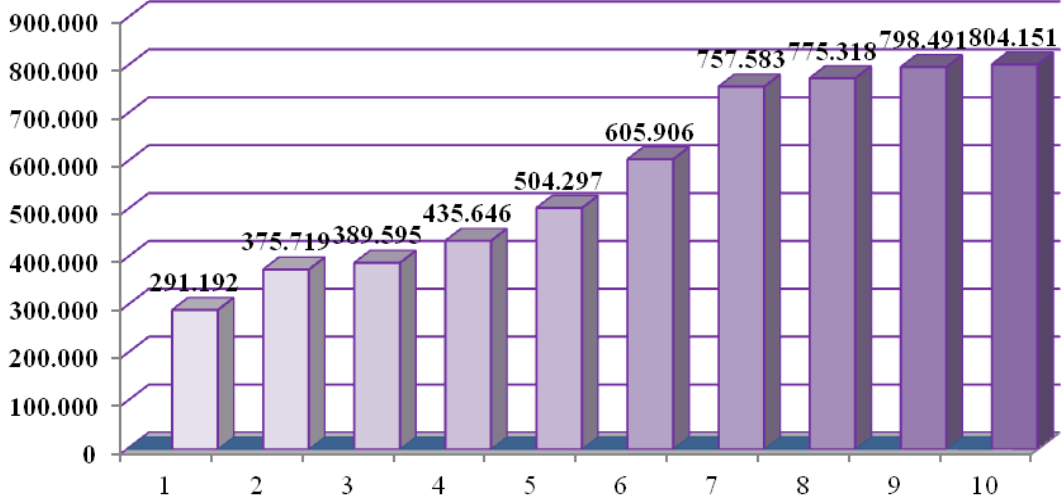
Figure 28: W.W. S.A. - Break Even



Also, a sales projection for the decade is presented in the following graph. A detailed sales forecast, including the different lines of sales and associated costs can be found in the appendix, where all financial tables are presented.

Figure 29: Wining Ninery S.A. _ Sales

Wining Winery S.A. - Sales



Evaluation indices were also calculated for the specific project to help determine how feasible and successful the investment in a small premium winery could be. The financial measurements used to determine the feasibility of the project were NPV, IRR, equity payback and the return on total assets. The latter measures the efficiency of a company to manage its resources in order to generate its sales. A high asset turnover ratio, is an indication of efficient management of available assets. The equity payback period is relatively short, considering the investments made in land, infrastructure and equipment.

Figure 30: W.W. S.A. - Operating Performance

Wining Winery S.A. - Operating Performance

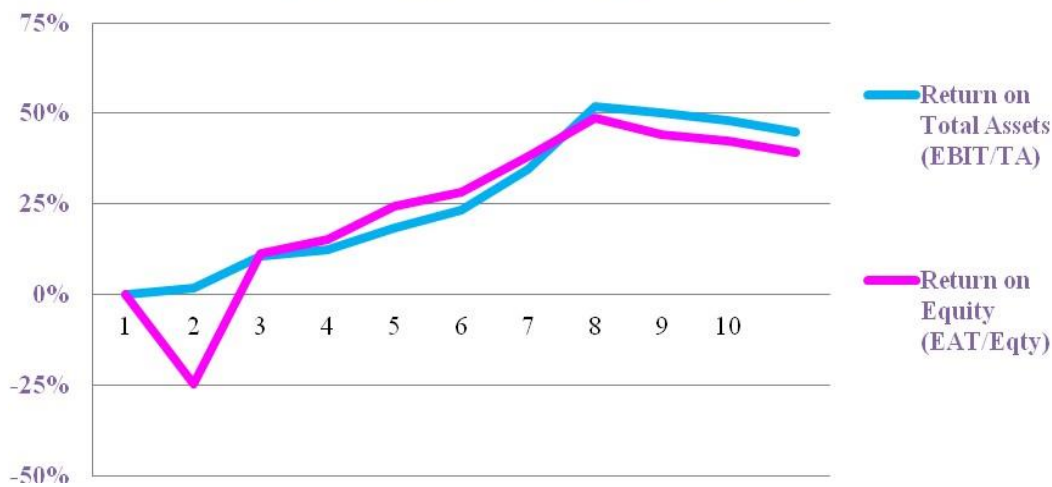


Table 29: Project Evaluation Indices

PROJECT EVALUATION INDICES	Value
Payback Period (yrs) =	6+
Net Present Value of Investment (10yr) =	692,675
Investment IRR (10yr) =	16%
NPV (20 yr) approx =	2,426,702
IRR (20yr) approx =	22%

Financial assumptions

Interest rate: 10% Product

mix:

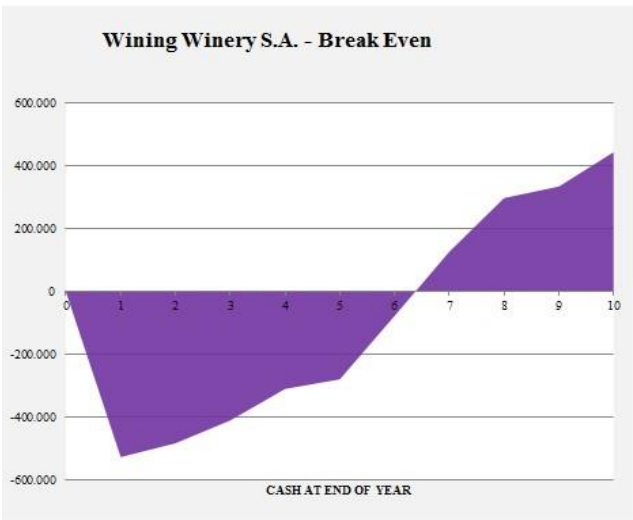
- Malagouzia (white), Agiorgitiko (red) Aging period: from 6 to 24 months Percentage of wine not sold:
- 18% of the wine is used for promotional purposes

Marketing channel margins:

- Direct sales to customers from the winery-retail prices
- Direct sales to customers through e-shop-retail prices
- Retail prices (10-year average): white wine bottle: 9.85 €, red wine bottle: 11.26 €, aged wine bottle: 14.6€, rose wine bottle:6-8€.

Figure 31: Results Summary

Results Summary



MAJOR INPUT ITEMS	Value	SALES	PROJECT EVALUATION INDICES	Value
Present Value of Total Investment =	732.096	UNIT size(Litres/yr): 45,000	Payback Period (yrs) =	6+
Level of Capital (Cap):	200.000	Selling Price (€/litre) 14,60	Net Present Value of Investment (10yr) =	692.675
Cost of Goods Sold % (m):	23%	Net Sales (€/year) 573.790	Investment IRR (10yr) =	16%
Cost of funds % (i):	10%		NPV (20 yr) approx =	2.426.702
Discount rate % (d):	5%		IRR (20yr) approx =	2.2%

P & L	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Sales	291.192	375.719	389.595	435.646	504.297	605.906	757.583	775.318	798.491	804.151
- Cost of goods sold	65.545	89.200	61.386	68.642	79.459	95.469	119.368	122.163	125.814	126.706
= Gross Margin	225.647	286.519	328.208	367.004	424.837	510.437	638.215	653.155	672.677	677.446
- Operating Exp	212.554	200.088	204.740	211.114	220.436	230.541	241.754	244.841	248.123	249.711
= Annual Depreciation		44.063	44.063	44.063	44.063	44.063	44.063	44.063	44.063	44.063
+ Other Operating Income										
= EBIT	13.093	72.368	79.406	111.827	160.339	235.833	352.388	364.252	380.491	383.672
- Net Interest expense	51.602	48.121	40.840	30.911	27.871	16.818	4.789			
= EBT	-38.509	24.246	38.565	80.897	132.468	219.015	347.609	364.252	380.491	383.672
- Tax		3.805	6.061	12.746	20.872	34.493	54.771	57.392	59.852	60.423
=EAT	-38.509	20.442	32.405	68.120	111.596	184.422	292.838	306.859	320.539	323.219
= Dividends paid						92.211	175.703	214.801	256.431	258.573
BALANCE SHEET										
Assets	702.896	677.850	637.936	607.355	691.561	678.237	680.060	724.928	789.949	854.826
Net Fixed Assets (FA)	608.250	564.188	520.125	476.063	539.000	494.938	450.875	406.813	469.700	425.688
Inventories (INV)	21.848	19.793	20.462	22.881	26.486	31.823	39.789	40.721	41.918	42.235
Receivables (AR)	71.798	93.830	97.399	108.912	126.074	151.477	189.396	199.829	199.623	201.038
Cash							83.566	78.618	185.825	185.825
Liabilities and Equity	702.896	677.850	637.936	607.355	691.561	678.237	680.060	724.928	789.949	854.826
Capital (Cap)	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000
Reserves (Res)	-38.509	-19.167	13.238	81.388	192.984	285.195	402.330	494.388	536.496	623.139
Loans (L)	528.019	482.218	409.402	309.306	278.712	169.175	47.888			
Payables (AP)	16.888	14.800	15.347	17.161	19.885	23.867	29.842	30.541	31.433	31.676
WORKING CAPITAL	-447.759	-383.356	-306.887	-194.675	-146.016	-7.743	151.455	287.875	288.746	397.452
PURCHASES	87.394	57.085	52.115	71.061	83.065	100.506	127.335	123.094	127.051	127.003
MANAGEMENT TOOLS and PARAMETERS										
Sales (Vol)	291.192	375.719	389.595	435.646	504.297	605.906	757.583	775.318	798.491	804.151
Cost of Goods Sold % (m)	22%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Inventory days (d)	120	120	120	120	120	120	120	120	120	120
Collection period (cp)	90	90	90	90	90	90	90	90	90	90
Payables period (pp)	90	90	90	90	90	90	90	90	90	90
Level of Capital (Cap)	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000
Other Operating Income (Oth)										
Dividends paid % (Div)						50.00%	60.00%	70.00%	80.00%	80.00%
Cost of funds % (i)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax rate % (t)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Level of pre-existing Fixed Assets										
Discount rate % (d)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
OPERATING EXPENSES	212.554	200.088	204.740	211.114	220.436	230.541	241.754	244.841	248.123	249.711
Salaries	52.824	52.824	52.824	52.824	52.824	52.824	52.824	52.824	52.824	52.824
Fixed Cost	3.900	3.900	3.900	3.900	3.900	3.900	3.900	3.900	3.900	3.900
Operating Costs	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sales Cost (Other than C.O.G.)	44.194	45.037	45.938	46.897	47.794	48.750	49.725	50.719	51.713	52.768
Accountants	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
Variable Cost	12.957	13.456	14.197	15.214	16.614	18.335	19.620	19.991	19.082	19.082
Trade Mark					900					
R&D Incl equip	12.029	2.077	2.191	2.348	2.565	2.830	2.874	2.931	2.945	2.945
R&D Cost - Operating (Nov 2017)	3.000									
Raw Materials	73.275	74.348	77.215	81.464	87.302	95.334	105.212	106.843	108.974	109.494
Vineyards	3.012	3.045	3.076	3.106	3.137	3.169	3.200	3.232	3.263	3.297

ONLY NEW INVESTMENT											
New Investment in Land	50.000										50
New Investment in Buildings	175.000										20
New Investment in Equipment	276.250										4
New Investment Other	107.000				107.000				107.000		
TOTAL INVESTMENT	608.250				107.000				107.000		
Annual Depreciation of New Investment		44.063	44.063	44.063	44.063	44.063	44.063	44.063	44.063	44.063	
Depreciation of pre-existing Fixed Assets											
CASH FLOW											
Cash from OPERATIONS	-65.167	92.023	113.756	131.026	165.465	218.666	301.779	346.255	358.504	365.792	
EBIT + Depreciation	13.093	116.430	123.468	155.390	204.402	279.896	396.461	408.314	424.554	427.735	
minus net interest expense	52.602	48.222	40.940	30.931	27.871	16.918	4.789				
minus tax paid		3.805	6.061	12.746	20.872	34.493	54.771	57.393	59.932	60.433	
plus Dividends						92.211	175.703	214.801	256.481	238.575	
minus increase of inventories	21.848	-2.115	729	2.419	3.606	3.337	7.966	931	1.217	297	
minus increase of receivables	72.798	21.132	3.469	11.513	17.163	23.402	37.919	4.434	3.793	1.415	
plus increase of payables	16.386	-1.586	347	1.814	2.704	4.003	3.375	699	913	223	
Cash from INVESTMENTS	-608.250				-107.000				-107.000		
minus increase of Fixed Assets	608.250				107.000				107.000		
Cash from FINANCING	726.019	-43.801	-72.816	-100.095	-30.594	-109.537	-121.287	-47.888			
Increase of Capital	200.000										
plus increase of Loans	526.019	-43.801	-72.816	-100.095	-30.594	-109.537	-121.287	-47.888			
NET ANNUAL CASH INFLOW	52.602	48.222	40.940	30.931	27.871	109.128	180.482	288.367	251.504	365.792	
ACCUMULATED CASH FLOW	52.602	100.824	141.764	172.694	200.566	309.694	490.186	788.553	1.040.057	1.405.849	
Free C/F Before Financing	52.602	100.824	141.764	172.694	200.566	309.694	490.186	788.553	1.040.057	1.405.849	
Accumulated Free C/F Before Financing	-673.417	92.023	113.756	131.026	58.465	218.666	301.779	346.255	251.504	365.792	
Cash minus Loans before Dividends (prop)	-526.019	-482.216	-409.402	-309.306	-278.712	-76.964	127.813	288.367	337.070	444.430	
FINANCIAL INDICES											
OPERATION											
Profit Margin (EBIT / Sales)	4,20%	19,26%	20,38%	23,67%	31,79%	38,82%	46,32%	46,98%	47,65%	47,71%	
x Total Assets Turnover	0,41	0,55	0,61	0,72	0,73	0,89	1,11	1,07	1,01	0,94	
= Return on Investment - ROI (EBIT/TA)	1,86%	10,68%	12,45%	18,40%	23,19%	34,77%	51,82%	50,25%	48,17%	44,88%	
PROFITABILITY											
Return on Total Assets (EBIT/TA)	1,9%	10,7%	12,4%	18,4%	23,2%	34,6%	51,6%	50,2%	48,2%	44,9%	
Return on Equity (EAT/Equity)	#DIV/0!	-24,6%	11,2%	13,2%	24,2%	38,4%	38,0%	48,6%	44,2%	42,3%	39,3%
EFFICIENCY											
Inventory Turnover	#DIV/0!	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	
Receivables Turnover	#DIV/0!	4,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00	
Payables Turnover	#DIV/0!	4,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00	
EVALUATION OF INVESTMENT											
Present Value of Total Investment =	732.096										
Payback Period (yrs) =	6+										
Net Present Value of Investment (10yr) =	692.675										
Investment IRR (10yr) =	13,61%										
NPV (20 yr) approx =	2.426.702										
IRR (20yr) approx =	21,6%										

Figure 32: Equipment of W.W.

Land & Material	Prices (€)	Depreciation (Years)
Purchase of five acres in Nemes Region	50.000	
Winery Construction	175.000	50
Purchase of Equipment	276.250	20
* Purchase of Barrels (French) or (American)	65.000	4
	42.000	4

A.11.

Exit Strategy

An exit strategy should be planned at the very dawn of any business endeavor. For a mature company, the sooner a plan is prepared, the better the owner will be equipped to deal with exit when it occurs.

Exit is a time consuming process which affects many business parameters including human capital. So, business management should thoroughly consider the alternatives and perform the necessary analysis in order to reach the most appropriate solution. As a small business, our first exit strategy will be to transfer the business on two of the members of the board (50% - 50%), or lease the business to a third party.

In the event, that there is no interest by two of the board members to buy-out the rest of the shares and we are unable to lease the business, we will cease operations and sell the vineyards and equipment. The winery building would then be converted to a Bottling Business Unit that will provide bottling services to other wineries for €2.00/per bottle and for €1.00/per wine in bag.

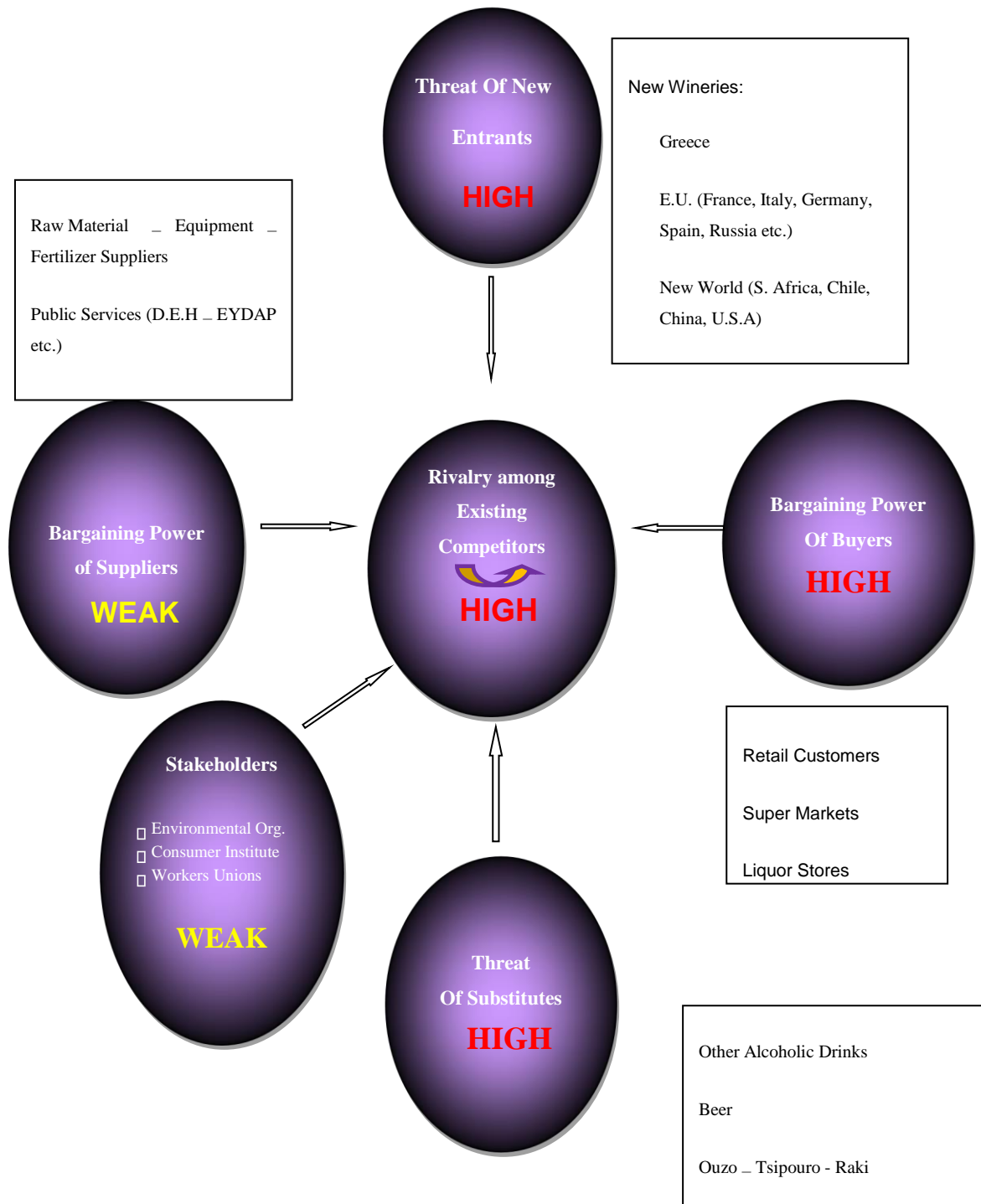
In this case most of the company's variable and fixed costs will decrease.

It should be pointed out however, that any financial obligations and liabilities that W.W has accumulated will be transferred to the new business and this will affect the financial planning of the Bottling Business. Nevertheless, estimations on liabilities and debt accumulation are hard to make since they depend on several parameters, this conversion scenario, assumes that W.W. will start its bottling function from zero point.

According to this, W.W. will have the chance to payback its obligations at the end of year four (4) as shown at the chart that follows.

A.1. Porter Analysis

Figure 33: Porter Analysis



For these reasons a Business Plan for a small to medium winery was realized during this study. The winery uses grapes originating from its vineyards and from grapes that buys from other viticulturists.

A reference to Alternative Business Legal Forms in Greece is shown in Appendix C.

Appendix B

B.1. Procedures and documentation for the establishment of vineyard and winery a Vineyard

B.1.1. Planting

Regime of Vine Planting Licensing - New Cmo

- Classification of wine grape varieties
- License after application form of the producer (planting / replanting)
- License is valid for three years with penalties if not used
- Potentiality of license from 0-1% of the total country area (based on census)
- The transferring of planting licenses is prohibited
- Keeping data of vineyards (wine, table, raisins) - with Single payment Scheme
- Ban planting with no license keeps going on and in case of planting is been provided penalty from 6.000 to 20.000 € / ha and the eradication of the planted area.

Selection Criteria of Application Form - Priority Criteria

- The applicant has to own an agricultural area
- The applicant has to have sufficient professional skills and competences
- It should not be occurred a significant risk o of the reputation of specific PDO, PGI by the application form.

It is noticed that if in a year the total area, which is covered by the eligible applications, exceeds the granted area by a Member State then the licensing (allocation) is carrying out with priority criteria, as following:

- Producers who plant vines for the first time and are the head of the agricultural holding.
- Areas where the vineyards contribute to the environmental conservation.
- Areas that are intended for new plantings under land consolidation measure.
- Areas faced natural or other specific constraints.
- The sustainability of development projects or replanting plans based on economic evaluation.
- Areas which are intended for new planting that is going to enhance competitiveness at farm and region level.

- Projects to improve the product quality with geographical indications (PDO, PGI).
- Areas which are intended for new planting within the enlargement of small and medium-sized farms (not less than 0.5 hectares for farms of small size and not more than 50 hectares for medium-sized holdings)
- Previous producer behavior
- Non-profit associations with social aim, which have taken seized areas (by legal authority) from terrorist cases and other forms of crime.

It is also important to be noted that Member - States decide if the priority criteria will be applied at national or regional level and in addition may choose attach different significance at each of the selected priority criteria, based on a scale to be set up at national level.

At the end if a Member State will decide base on the priority criteria for the license of new plantings, under the Article 64 (1) and (2) of Regulation (EU) num. 1308/2013, these decisions should be published until the 1st March of each year.

Applications Forms for Licenses

- Applications for at least one month (starting May 1st).
- After the submission deadline, the applicants should be been informed by Member States about the eligibility of their applications.
- The licenses of the applicants should be issued by Member-States at the latest by August 1st
- The applicant may refuse the planting license without any administrative penalty, in case that it corresponds to less than 50% of the requested area in his application.

Annual Indicative Dates of Application Procedures for Licenses – New Cmo

- Lodging of application 1 / 5-1 / 6 (one month)
- Check of applications by Ministry 1 / 6 -1 / 7 (administrative control and on the spot where it is required).
- Processing of the statements during 1/7 to 1/8 by the Ministry
- Post of the ranking list and granted ha per producer (sending graded license by mail to the producer) at the 1 of August.

- Appeals and acceptance of licensing by producer.
- Redistribution of refunds October 1st.

Replanting Licensing Regime of New Cmo

Authorization procedure for replanting

- Applications forms could be submitted any time during the year
- The licenses are granted within three months of the submission of the application after approval of grubbing
- Producers may submit an application for license of replanting during the next two (2) cultivation years after the grubbing up of vineyards (upon a decision of the Member State).
- The Member state may limit the granting of licenses replanting in some regions (PDO, PGI) when these decisions have been notified by March 1st, considering the recommendations of accredited interprofessional organizations (Article 65 of Reg (EC) 1308/2013.
- These decisions have validity up to 3 years.

B.1.2. Winery Establishment B.1.2.1. Winery Establishment and Operation Licenses

Public Services Involved in License Issue	
Public service	License
Urban Planning Services	Building license (building for industrial use)
Department of Development	Establishment and operation permit or exemption
Fire Department	Fire safety study certificate
General Chemical State Laboratory	Bottling License (includes licensed for bottling operations and purchase of
Department of Rural Economy and	Winery Inventory Report Sheet

Source: <http://www.gaiapedia.gr/gaiapedia/index.php>

B.1.2.2. *Submitting "Inventory Report Sheet"*

The Inventory Report Sheet should be filled by the winemaker, and be submitted to the competent Department of Rural Economy and Veterinary of the area, where the winery is established, along with the necessary supporting documents all in duplicate:

- Building permit, with the sides, floor plans, sections of the premises.
- Site Plan coverage (Detailed layout of the winery, which reflects all the facilities and equipment used for the production of wine and other wine products).
- Exact copy of the establishment and operation license or the exemption from the obligation to issue the licenses under N.3325 / 2005.
- Exact copy of the bottling license.
- Special bottling code, with a copy of the *Official Gazette*.
- If the unit has been set up with an investment program (development laws, regional programs, improvement plans etc.) must undergo an official copy of the integration decision, stating the conditions under which it is so, the capacity of the unit, and restrictions arising from this membership.

The competent authorities shall, by the official public clerk for the wine sector, inspect the facilities for the verification of declared. If the information on the form matches the existing, the document is been signed and sealed with the stamp of the "Inventory Report". The exact copies of the Inventory Report Sheet and other documentation (layout, licenses, etc.) must be sent to the Department of Wine & Spirits Division of Manufacturing, Standardization and Quality Control YP.A.A.T., so the winery will be registered in the Register of Wine Business.

B.1.2.3. *Subscribe to winemaking business register*

A prerequisite for completing the application process is for the winemaker to provide the necessary documentation in order to be registered in the Register of Wine Business:

- Exact copy of the inventory card winery.
- Photocopy of identity card or passport.
- Certificate vocation individual.
- Wine bottling license operation

- Building license, coverage diagram, floor plans, sections, elevations, topographical diagram.
- License of sewage disposal.
- Special declaration on exemption from the obligation to produce an establishment and operation permit or license installation and operation.
- Approval of environmental conditions.

B.1.2.4. *License of operating a wine-bottling laboratory*

The procedure for obtaining bottling license is as follows:

1. Gathering evidence:

- License Installation and wine bottling operation laboratory and aromatised wines or liability exemption certificate supply of such a license, issued by the local Department of Development or by the Department of Industry, Energy and Natural Resources of each Region, in accordance with the relevant provisions of n. 3325/2005.
- A copy of the site plan of the wine bottling workshop and aromatized wines.
- Description of laboratory equipment.

2. Submit request

3. Facilities Inspection

4. Permit

Finally, note that:

- The authorized department for handling documentation is the same all over Greece and it is the competent local Chemical Services of the General Chemical State Laboratory.
- The processing time is within 20 days.
- The cost is €29 per hour of inspection. In average the inspection takes 3-5 hours. If the inspection takes place away from the department, an extra cost is incurred by the actual travel costs and, where applicable, per diem of mobile employees. (*A.U.C no. 3002640/1552 / 02.06.2002 (Official Gazette 161 / B')*).

B.1.2.5. Wineries requirements for issuing the certificate of suitability

The following are the requirements that should be met by the wineries under the provisions of Regulation 852/2004 and national legislation, in order to be certificated of conformity as described below.

B.1.2.6. Hygiene requirements

Hygiene requirements for the winery: Winery premises must be kept clean and in good condition.

Arrangement, construction and size of the winery must:

- Permit adequate maintenance and cleaning.
- Permit good hygiene practices of wine products, including protection against contamination.
- Provide appropriate handling and storage under controlled temperature and with sufficient capacity to maintain the wine products at appropriate temperatures and humidity.
- Ability to record temperature points (e.g. refrigerated tanks, maturation sites and aging wines).

The surfaces must:

- Be kept in good condition and easy to clean. This requires the use of impervious, nonabsorbent and non-toxic materials (e.g. tiles, epoxy resins, panel, etc.) that can be washed, unless winery owner can prove that other materials that have been used are appropriate, said surfaces must smooth up to a height appropriate for the operations.
- The floors (especially the floor of the room where they will receive the grapes and the area where the presses are) should allow their good cleaning and adequate drainage of the surface thereof.
- The ceilings (or if there are no ceilings, the interior surface of the roof) and its fixtures must be designed and constructed so as to limit the growth of undesirable molds and the shedding of particles.
- The windows that can be opened to the outdoors must be provided with proof screens insects. Where open windows would cause contamination, windows are to remain closed and fixed during production.

Also there must be and have:

- Adequate facilities for the cleaning, disinfecting and storage of working utensils and equipment. These facilities must be constructed of corrosion-resistant materials, be easy to clean and have an adequate supply of hot and cold water. It recommends the use of steam generation device for effective cleaning of various surfaces.
- An adequate number of flush lavatories connected to an effective drainage system. Lavatories are not to open directly into rooms in which grape handling, musts and wines.
- An adequate number of washbasins suitably located and designated for cleaning hands. Wash basins must be equipped with hot and cold running water, materials for cleaning hands and for hygienic drying.
- Suitable and sufficient means of natural ventilation. Ventilation systems should be designed so as to provide easy access to parts requiring cleaning or replacement. Sanitary conveniences are to have adequate natural or mechanical ventilation.
- Premises of adequate natural and / or artificial lighting.
- Drainage facilities must be designed and constructed so as to avoid the risk of contamination of the premises where the grapes are handled, musts and wines.
- Adequate changing facilities for personnel.
- Cleaning products that are registered in the register of the General Chemical State Laboratory and should not be stored in areas where grape handling, musts and wines.

B.1.2.7. Winery Equipment requirements:

A) The wineries must have at least:

- Vinification tanks, stabilizing and possibly storage. Any coatings of tanks should be in accordance with the provisions of Article 10 of Law. 396/1976.
- Pumps and strainers (filters).
- Containers - containers. Any containers Swabs should be in accordance with the provisions of Article 10 of Law. 396/1976.
- Enological laboratory in accordance with the provisions of paragraph 6 (d) of Article 9 of Decree 243/1969, as replaced by Article 7 of Law. 427/1976 or allocation of analyzes in private enological laboratory.

- Oenological substances, which must comply with EU legislation [Reg. (EC) 606/2009].
- B) All articles, fittings and equipment with which contact the grapes, musts and wines must:
- Been effectively cleaned and when it is completely necessary disinfected. Cleansing and disinfection should be performed frequently to avoid any risk of contamination.
 - Been made in an appropriate manner, of suitable materials and be kept in good order so as to minimize the risk of contamination.
 - Been installed in such a manner as to allow adequate cleaning of other equipment and the surrounding area that there is no case can cause contamination of wine products with chemical contaminants (e.g. from coolants tanks, oil machine plastering of the surfaces etc.).

Furthermore:

- The machines particularly recommended to tanks are made of stainless steel.
- Plastic pipes and plastic containers, where they exist, must be suitable for food and to exclude any case migration of these substances in wine products. Provide a certificate of suitability for wine products of these plastic materials, which show the particulars of the plant them.

B.1.2.8. Water supply

Requirements for water supply:

There must be sufficient water supply for human consumption for washing tanks, wine tank, bottles, machinery etc. Where non-potable water (e.g. fire-fighting) must circulate in a separate system and be identified as such. Non-potable water should be connected to drinking water networks or the possibility of reflux into, potable water systems.

B.1.2.9. Personal hygiene

Hygiene requirements (indicative):

Personnel must have a high degree of personal cleanliness, as every person working in the winery. Grape handling should be prohibited and / or wine products and in any capacity entrance to the winery of any person suffering from any disease or is a carrier of a disease likely to be transmitted through food, or a person carrying infected wounds or suffering from skin infections,

ulcers or diarrhea, if there is a risk of direct or indirect contamination. Every person employed in a winery which is infected with one of these diseases and may come into contact with grapes and / or wine products, should immediately report illness or symptoms, and if possible their causes, to the manager winery.

B.1.2.10. Waste – products

Requirements for waste and by-products:

- The wastes must be collected in special containers and removed as soon as possible from rooms where wine products are, in order to avoid their accumulation.
- The by-products of wine making (wine lees, grape marc) must be withdrawn in accordance with the provisions of *Articles 21 to 23 of Reg. (EC) 555/2008 (which has notified the CH.Y. with Nos. 3016391/1942 / 0029 / 31-07-2008 our document)*.

B.1.2.11. Other requirements

Requirements according to the provisions of *Article 19 of N.396 / 1976*:

Wineries must be installed in separate and independent buildings and at a distance from distilleries facilities B category, factory production of vinegar, juice from fruit other than grapes, bakery yeast, raisin win, glucose (dextrose) and jam from dried grapes as every installation which uses sugar, Sugar and alcoholic materials. Notwithstanding the provisions of Article 7 shall apply paragraph C3 of N.2969 / 2001 (co-location with wineries distilleries treated wines and wine products).

B.1.2.12. Government & E.U. approvals

Table 30: Government & E.U. approvals

The EU Wine Legislation	
Applies from 1/01/2014	Regulation (EU) No 1308/2014 of the European Parliament and of the Council "Establishing a common organization of the markets in agricultural products"
	Commission Reg.(EC) No 555/2008, (support programs, trade, production, potential and controls)
	Commission Reg.(EC)No436/2009, (vineyard register, compulsory declarations, accompanying documents and register)

Commission Reg.(EC)No606/2009, (categories of grape vine products, oenological practices and the applicable restrictions)

Commission Reg.(EC)No607/2009

(PDO/PGI, traditional terms, labeling and presentation of certain winesector products)

Source: <http://ec.europa.eu/agriculture/wine/>

B.2. Distillery Establishment, Operation Licenses - RELATIVE LEGISLATION

The main Greek law on alcoholic beverages is N.2969 / 2001: ethyl alcohol and alcoholic products

Taxes (excise duty) is regulated by Law 2960/2001 National Customs Code, Article 81

In Greece there are two types of licenses for the production of spirits: one for distilleries in which is made the distillation and one for beverage industries, in which takes place the preparation, the processes and the bottling of the spirits.

The licenses, beyond all the other that apply to the winery, are given after a request in customs and after approval of the chemical state services of the area. Firstly, are required license of manufacture and titration of the alembic (still), titration of tanks for collection and storage of spirits, seal of alembic and tanks, suitability of the site, of the bottling machines, and of the transfer tubes of spirits.

Operation of Distilleries: ministry decision 3002475/383/0029/2010 (With this setting the conditions and formalities relating to the operation of distilleries, premises, facilities, and machinery and other fittings, the hygiene conditions to be satisfied as well as when treated raw materials produced products)

Production and distribution of alcoholic beverages ministry decision 30 / 077/2131/2011 (with this Decision: Set the conditions that must be met by Beverage Industries.

Appendix C

C.1. Reference to Alternative Business Legal Forms in Greece

Advantages and Disadvantages for Company Foundation

The Greek law offers a few options to a potential business owner, regarding the legal form of the company to be established. Here with, there are the options the Greek legislation offers to potential winery.

Public Limited Company – Advantages

- Concentration of the largest possible capital
- Greater prospect of funding or loan
- Entrance to the Athens Stock Exchange
- Stock holders share limited responsibility equal to their stock value
- Stocks are easily transmitted
- Official structure and Organization Chart

Public Limited Company – Disadvantages

- High cost of entry
- A large amount of money is demanded as the initial share capital
- Strict legal and functional formalities
- Taxation estimated on profits is quite high
- Financial data must be published

Limited Liability Company – Advantages

- Relatively easy entry
- Not the least capital is demanded for the entry
- Responsibility of Stock holders is limited
- Prospect of bigger capital accumulation

- Facilitated funding by banks

Limited Liability Company – Disadvantages

- Publicity terms should be followed at entry and during the company's whole lifetime (accounting statements must be published)
- The company is subjected to strict legal, functional and taxation formalities are strict
- Taxation estimated on profits is quite high

Private Company – Advantages

- Initial Capital is not required; if entry with the least possible capital of one euro, there will be concentration capital tax of 1 cent, whose payment is obligatory for all types of companies. However, all interested to participate have the right by law to get a share any way they wish. They may state that they shall offer their cooperation or labor, (which will be evaluated in money and transformed to percentage in shares), or they will act as guarantors for the company up to a certain amount of money. This guarantee may possibly grant shares in the business
- Funding fees are far low
- Annual expenses for the company's operation is more economical
- Partners offer guarantee with their own property up to the amount of the capital. This means less anxiety in case something goes wrong
- Decision making in a Ltd. Company demands double majority; if there are five partners, there must agreement among the three and, at the same time, they must own 51% of the company's shares. This is an obstacle for the operation of the company, while in many cases the absence of even one partner may block the procedures. As far as IKE are concerned, there is no such a problem. Whoever owns the bigger share makes the decisions
- The actual head office can be transferred outside Greece while the statute head office may remain in Greece

Private Company – Disadvantages

- "One euro" companies have all the accounting obligations of S.A. Companies; this, in practice, means that certain accounting books should be kept, the balance sheet should be prepared and cash flow should be monitored. IKE companies are taxed exactly the same way with the S.A.s and the Ltds, they pay 26% on profits and a further 10% for the profits they will distribute as share Tax legislation for the Ltd. Companies and IKE companies are basically the same

Public Limited Company – Advantages

- Complicated accounting books are not obligatory
- All partners are equally responsible
- Low tax rate
- Credit ability is quite high, because all partners are equally responsible

Public Limited Company – Disadvantages

- The partners of O.E. Companies are responsible with all their property for the company's obligations, and, even if the company ceases its activity, their responsibility is not ended.
- In case of bankruptcy partners may lose all their personal property
- In case one of a partner's wrong doing, there is possibility of a negative impact on the property of all the rest of the partners

Appendix D

EXPENSES		€ per bottle	
€ per bottle		1116	
EXPENSES (yr)			
Balance	5120		
Vineyards	2015		
Fixed Cost	5900		
Operating Costs	1000		
Sales Cost (Other than C.O.G.)	66154		
Accounts	2400		
Variable Cost			
Trade Mark	900		
Raw Materials	71275		
COSTS CHARGED TO THE BOTTLE		COST FOR:	60
Raw Material			
Grape & Material	Quantity	Measurement U	Price / Measurement U
White Grapes	15000 kg		0,66666 7000
Red Grapes	20000 kg		0,2 14000
Total of Grapes in Need	45000 kg		21000
Bottles for White Wine	20000 bottle made of g	0	6000 100
Bottles for Red Wine	25000 bottle made of g	0	7500 125
Bottles for Red Aged Wine	15000 bottle made of g	0	4500 75
Bottles for Rosé Wine	10000 bottle made of g	0	3000 50
Corks	70000 cork, corks date	0	14000 220
Wax seals	70000 pieces	0	2100 30
Labels	70000 pieces	0	9800 140
Boxes Packaging of 12 Bottles each	5833 pieces	1	4775 72
Access fit	0 pieces	1	0 0
Box of Access fit smoo	0 pieces	1	0 0
Total			51275
ADDITIONAL MATERIALS	€ per bottle	20	
Total Cost per Year of Additional M	1200		
Salaries			
Employees (Permanent)			
Number of Employees	Speciality	Gross monthly salary (with insurance)	Months of employment
1	Owner/Oenologist	1201	12
1	Owner/Marketing	1201	12
1	Office Clerk	850	12
1	Unskilled Worker	850	12
Employees (Temporary)			
Number of Employees	Speciality	gross weekly salary (with insurance)	Days of employment
4	Unskilled Worker	300	7
TOTAL=			1000
Distribution	Taxes, misc. admin. o serv. (TT H)		
Average Cost of Distribution		0,08	5600
VALUE ADDED TAX (V.A.T.)	Taxes	0,12	
Extraordinary Special Duty Stamp (E.S.T.A.)			
Variable Cost			
Services	Monthly Cost	Annual Cost	
Logistics	169	1796	
Insurance	162	1956	
Maintenance	162	1956	
DEW	852	7825	
EYDAP	109	1204	
TELEPHONE/WEB	142	1566	
TOTAL=		16655	
Fixed Cost			
Services			
FR Cost - Opening (Nov 2017)		5000	
Trade Mark		900	
TOTAL=		5900	
R&D			
R&D Incl equip	Ann=	2474	
Operating Costs			
Materials	Annual Cost		
Cleaners	500		
Stationery	200		
Office Supplies	200		
TOTAL=		1000	
Sales Cost (Other than C.O.G.)			
Services	Monthly Cost	Annual Cost	
Advertising	600	7200	
Creating a website		10000	
Updating and upgrading website		5000	
Bottles used for promotion		6954	
Participation in competitions and exhibitions (incl. travelling)		15000	
TOTAL=		44154	

Description of Work	Cost
Cost of Glass (20)	400
Cost of Bottle (20)	4120 (€117)
Preparation of all Bottles	400
Accessories	400
Wine Access (20)	400
TOTAL	4920

Year	1	2	3	4	5	6	7	8	9	10
6,681	6,779	7,041	7,423	7,96	8,693	9,596	9,762	9,937	9,996	
205	1290	1622	1822	1782	1967	1997	2007	2007	2066,7	
1500	1522	1581	1669	1787	1952	2156	2187	2231	2261	2261,6
1500	1522	1581	1669	1787	1952	2156	2187	2231	2261	2261,6
6000	6038	6223	6671	7169	7806	8615	8709	8923	8966	8966,8
1000	1016	1054	1112	1191	1301	1456	1458	1487	1494	1494,7
1800	1821	1875	1956	1968	1821	2010	2041	2082	2092	2092
TOTAL/month	12957	12656	14197	15216	16614	18220	18620	18991	19082	19082

Year	2000	2002	2007	2191	2248	2268	2320	2376	2421	2465	2465,4
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