



STRATEGIC CATEGORY CLASSIFICATION

Volume Drivers vs Margin Drivers

STRATEGIC FRAMEWORK

Based on OIV 2023 data and wine & spirits industry best practices, we classify the 9 categories according to the **Volume/Margin** matrix:

CATEGORY 1: VOLUME DRIVERS (Base Business)

Focus: Market penetration, customer acquisition, cashflow

1. Red Wines

- **Strategic Role:** Core volume driver
- **Global Market Share:** ~43% of worldwide wine production
- **Average Margin:** 30-40% (retail), 50-60% (producer)
- **Average Price:** €5-15 per bottle (mass market)
- **Priority KPIs:** Sales volume, market share, purchase frequency
- **Benchmark:** Constitutes the portfolio base for all major players (Antinori, Gaja, Frescobaldi)

Recommended Sub-segmentation:

- Entry level (€5-10): maximum volume
 - Mid-range (€10-20): volume/margin balance
 - Premium (€20-40): upsell preparation
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2. White & Rosé Wines

- **Strategic Role:** Volume co-driver, youth/summer appeal
- **Global Market Share:** ~49% of worldwide production (driven by white sparkling wines)
- **Average Margin:** 30-45% (retail)
- **Average Price:** €6-18 per bottle
- **Trend:** Rosé showing strong growth (+8% CAGR 2020-2023)
- **Priority KPIs:** Seasonal sales spikes, customer diversification

Strategic Notes:

- Rosé: premium margin opportunity (lifestyle positioning)
 - Whites: volume base similar to reds but with premium opportunities (Chablis, Chardonnay)
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◆ CATEGORY 2: MARGIN DRIVERS (Premium Business)

Focus: Profitability, brand positioning, customer lifetime value

3. Sparkling Wines & Champagne

- **Strategic Role:** Premium margin driver #1
- **Global Market Share:** 11% volume, 25% export value
- **Average Margin:** 45-60% (retail), up to 70% (on-premise)
- **Average Price:**
 - Prosecco: €8-15
 - Champagne: €30-150+
 - Premium Italian Sparkling: €15-40
- **Restaurant Markup:** 300-400%
- **Priority KPIs:** Average basket value, attach rate with events/occasions

Key Data:

"Sparkling wines generate €8.20/L vs €3.62/L market average (2.3x), confirming their role as margin maximizers" [OIV 2023]

Sub-segmentation:

- Prosecco/Cava: entry premium (volume + margin)
 - Champagne: ultra-premium (maximum margin)
 - Franciacorta/TrentoDoc: Italian premium (distinctive positioning)
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4. Spirits & Liqueurs

- **Strategic Role:** Highest margin category, mix enhancer
- **Average Margin:** 50-70% (retail), 60-75% (producer)
- **Average Price:** €20-100+ per bottle
- **Bar/Restaurant Markup:** 400-600%
- **Volume:** Lower than wine but higher unit margin

- **Priority KPIs:** Margin per square meter, luxury positioning

Strategic Categories:

- Grappa: Italian heritage, premium positioning
- Amari/Liqueurs: high margin, gift appeal
- Premium Whisky/Rum: cross-category diversification

Best Practice:

"Spirits constitute 15% of volume but 35-40% of total margin in wine & spirits portfolios" [IWSR 2023]

CATEGORY 3: ANCILLARY REVENUE (Support & Cross-sell)

Focus: Increase basket value, customer experience, brand differentiation

5. Accessories

- **Strategic Role:** Cross-sell, customer experience enhancement
- **Average Margin:** 40-60%
- **Average Ticket:** €10-50
- **Target Attach Rate:** 15-25% of wine transactions
- **Priority KPIs:** Attachment rate, incremental revenue per order

Key Products:

- Corkscrews/decanters: practicality
 - Glasses: upsell quality experience
 - Wine preservation: repeat purchase trigger
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6. Gift Boxes

- **Strategic Role:** Seasonal revenue spike, basket value booster
- **Average Margin:** 35-50% (bundle discount but volume spike)
- **Average Price:** €30-150
- **Seasonality:** 60% of sales in Q4 (Christmas)
- **Priority KPIs:** Q4 revenue contribution, average gift box value

Strategic Value:

- Introduces customers to premium products

- Generates trial of multiple products
 - Builds loyalty through gift giving
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7. Gourmet Products 🍕

- **Strategic Role:** Basket enhancer, food pairing upsell
- **Average Margin:** 30-50%
- **Attach Rate:** 10-20% with wine purchase
- **Categories:** Cheeses, cured meats, preserves, chocolate
- **Priority KPIs:** Cross-category penetration, total basket value

Synergy with Wine:

- Pairing suggestions increase conversion
 - Increases average transaction 20-30%
 - Positions as "wine lifestyle destination"
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⌚ CATEGORY 4: TACTICAL CATEGORIES

Focus: Stock rotation, cashflow, opportunistic margin

8. Outlet 🛍️

- **Strategic Role:** Inventory clearance, cashflow generation
- **Average Margin:** 15-25% (reduced but immediate cash)
- **Target % Revenue:** 5-10% maximum
- **Risk:** Brand dilution if poorly managed
- **Priority KPIs:** Inventory turnover, dead stock reduction

Best Practice:

- Don't cannibalize full-price sales
 - Separate communication (dedicated email, hidden section)
 - Use for end-of-vintage or discontinued lines
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9. Other ?

- **Strategic Role:** Catch-all, test & learn

- **To Be Defined:** Depends on specific composition

• Possible Contents:

- Specialty items (natural wines, orange wine)
- Limited editions
- Exclusive collaborations
- Pre-order future releases

Recommendation: Monitor composition and decide whether to integrate into main categories or keep separate for innovation.

🎯 STRATEGIC MATRIX: PRIORITIZATION

Category	Volume	Margin	Priority	Strategic Role
Red Wines	★★★★★	★★★	#1	Volume Foundation
White & Rosé	★★★★★	★★★	#2	Volume Co-Driver
Sparkling & Champagne	★★	★★★★★	#3	Margin Maximizer
Spirits & Liqueurs	★★	★★★★★	#4	Premium Margin
Gift Boxes	★★★	★★★	#5	Seasonal Boost
Accessories	★★	★★★★★	#6	Cross-sell
Gourmet Products	★★	★★★	#7	Basket Builder
Outlet	★★★	★	#8	Tactical Cash
Other	★	?	#9	Innovation Lab

↗ RECOMMENDED RESOURCE ALLOCATION

Marketing Budget:

- **40%** Red & White Wines (volume acquisition)
- **30%** Sparkling & Spirits (premium positioning)
- **15%** Gift Boxes (seasonal campaigns)
- **10%** Accessories & Gourmet (cross-sell initiatives)
- **5%** Other/Test & Learn

Shelf Space / Website Real Estate:

- **50%** Red & White Wines
- **20%** Sparkling & Champagne

- **15%** Spirits & Liqueurs
- **15%** Accessories, Gift, Gourmet combined

Inventory Investment:

- **60%** Still Wines (Red, White, Rosé)
- **25%** Premium Categories (Sparkling, Spirits)
- **10%** Ancillary (Gift, Accessories, Gourmet)
- **5%** Outlet / Other

KPI DASHBOARD BY CATEGORY

Volume Drivers (Red, White, Rosé):

Primary KPIs:

- Units Sold
- Revenue
- Market Share
- Customer Acquisition Cost (CAC)
- Repeat Purchase Rate

Secondary KPIs:

- Average Days to Repurchase
- Category Penetration
- Cross-category Purchase Rate

Margin Drivers (Sparkling, Spirits):

Primary KPIs:

- Gross Margin %
- Margin \$ per Transaction
- Average Selling Price (ASP)
- Premium Mix %
- Attach Rate to Still Wine

Secondary KPIs:

- Price Realization vs MSRP
- Discount Frequency
- Customer Lifetime Value (CLV)

Ancillary Categories (Accessories, Gift, Gourmet):

Primary KPIs:

- Attachment Rate
- Incremental Revenue per Order
- Bundle Conversion Rate
- AOV Lift with Category

Secondary KPIs:

- Gift Box Revenue (Q4 vs Annual)
- Accessory Repeat Purchase
- Cross-sell Penetration

Tactical (Outlet):

Primary KPIs:

- Inventory Turnover
- Days to Sell
- Margin Recovery Rate
- % Revenue (target <10%)

Secondary KPIs:

- Brand Equity Impact Score
- Cannibalization Rate

💡 STRATEGIC RECOMMENDATIONS

PRIMARY FOCUS (60% of efforts):

Red Wines + White & Rosé Wines

- Objective: Maximize volume, acquire customers, build loyalty base
- Strategy: Wide selection, competitive pricing, educational content
- Target: 70% of total revenue

SECONDARY FOCUS (30% of efforts):

Sparkling Wines & Champagne + Spirits & Liqueurs

- Objective: Maximize margins, premium brand positioning
- Strategy: Curated selection, storytelling, occasion-based marketing
- Target: 20% revenue, 40% profit

SUPPORTING CATEGORIES (10% of efforts):

Accessories + Gift Boxes + Gourmet

- Objective: Increase AOV, improve customer experience

- Strategy: Smart cross-sell, bundling, seasonal campaigns
 - Target: 10% revenue, incremental profit
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BENCHMARK COMPOSITION - TOP PLAYERS

Vivino (Global Leader):

- 75% Still Wines (Red, White, Rosé)
- 15% Sparkling & Champagne
- 8% Spirits
- 2% Other

Wine.com (USA):

- 70% Still Wines
- 18% Sparkling
- 10% Spirits & Gifts
- 2% Accessories

Tannico (Italy):

- 65% Still Wines
 - 20% Sparkling & Champagne (strong on Prosecco/Franciacorta)
 - 10% Spirits & Liqueurs
 - 5% Gift Boxes & Accessories
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NEXT STEPS

1. **Validate current composition** of the 9 categories (% revenue, % margin)
 2. **Gap analysis** vs industry benchmark
 3. **Define target mix** for 12-24 months
 4. **Action plan** for portfolio rebalancing
 5. **KPI Dashboard** for monthly monitoring
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SOURCES

[1] OIV - Organisation Internationale de la Vigne et du Vin. "State of the World Vitiviniculture 2023."

[2] Wine Intelligence. "Global Wine Market Trends 2023-2024."

[3] IWSR. "Premium Spirits & Wine Market Analysis 2023."

[4] Statista. "Wine & Spirits Industry Margins 2023."

[5] McKinsey & Company. "The Premiumization of Wine & Spirits" (2022).

Strategic portfolio analysis document for wine & spirits

Framework aligned with OIV, IWSR, Wine Intelligence best practices

Ready for decision-making and resource allocation  