

## Luogo di Ritrovo Winery & Vineyards Executive Summary

The idea for Luogo di Ritrovo Winery & Vineyards was born out of our research into the wine industry, which we both hope to join after school, where we found that young people are being lost as both customers and producers. According to a January New York Times article, the wine industry, especially in America, has been experiencing a seven year decrease in wine sales to people under 60 years old. Much of this is due to the poor marketing and advertising strategies of wine producers compared to other alcoholic beverages when targeting younger people. On the other hand, from the production side the wine industry is dominated by the older generation and still around 80% men leading the wine making operations. Furthermore, many old world family wine producers are struggling to keep the younger generation interested in the industry, which with time will cause major problems as qualified people are not there to take over. We think infusing young people in the wine industry is the key to recapturing the same age group as customers, to increasing sustainable practices in vineyards, to allowing the industry to evolve, and to keeping the wine industry thriving for years to come. We believe that we can help this process by creating a hands-on education based winery that is focused on getting people interested in wine and teaching young people how to be successful wine producers, who use their new perspectives to create a better future for the wine industry.

The name of our company is Luogo di Ritrovo, which translates to ‘meeting place’, as we want our winery to be a place to gather and learn about wine. Our vision is to create a winery with a wine education focused for tourists, students, and winemakers alike. We would like to focus on teaching young people about the wine industry, making connections with other vineyards around the world, primarily making creative IGT wines, and experimenting with new sustainable practices. First and foremost, Luogo di Ritrovo is a winery because at our core what

we do is produce creative, experimental, and delicious wines. Secondly, we are a team made up of young apprentices new to the wine industry here to share their ideas, learn, work hard, and share their passion for wine with others. Last but not least, Luogo di Ritrovo works to extend the education and hands-on experience with tourists through daily tours and special events led by our team. Therefore, we are more than just your typical old world winery, we are hoping to build a completely unique experience for our apprentices and visitors alike, that can also be tasted in our wines.

When it comes to facilities, we intend on purchasing a 190 hectare property in Grosseto that is listed at 2.9 million euro. We choose this property and location for multiple reasons. First off, being located within the region of Tuscany ties Luogo di Ritrovo into an area with a rich tradition of wine. Additionally, Grosseto is centrally located between Florence and Rome, two of the largest tourist cities in Italy allowing us access to a constant stream of potential visitors. Despite this, Grosseto is still lacking much industry and is an area that is not popular with tourists. We see this as an opportunity to bring money into this economically depressed region, and believe that the area has great potential for growth in both the wine and tourism industries. As we learned in our Evolution of Wine course, the secret to being successful in the wine industry is being able to get in on up and coming regions, which we believe is the case in Grosseto as the quality of wines is beginning to increase and the terroir seems perfect to create interesting wines like nearby Bolgheri wines have.

Aside from location, we also choose this property because of all that the listing itself has to offer. This property is a former agriturismo, meaning many of the fixed cost items we would have needed to acquire in our initial setup of the winery are already included in the list price. For example, the property has a 13 bedroom and 11 bathroom house on the property which could

house an entire batch of apprentices and be used as a business space. Additionally, there are multiple agricultural warehouses, a building with equipment dedicated to wine making, a cellar, equipment for upkeep of the land, and a full irrigation system already set up. Although the property's price tag may be steep at 2.9 million euro, all of these included benefits of the property help to decrease initial investment costs and allow us quicker time to get up and running. This is especially important in the wine industry, where surviving the first couple years after such a large capital investment is often the most difficult part of the journey.

After our initial presentation on Luogo di Ritrovo, we now understand that figuring out our initial financing in order to have enough funds to survive the first couple years will be one of our hardest tasks. We estimate that in order to keep our heads above water for the first five years we will need to have raised at least 4.5 million euro in capital. This number comes from the 2.9 million euro cost of the property, assuming we will need to put another 150,000 euro into wine making materials, as well as another 150,000 into property upgrades, and another 200,000 euro into initial start up costs including permits and consulting before opening the doors. For the next 5 years after opening we think another million euro in capital will be needed for daily operations including utilities, other necessary equipment, and materials to produce wine. After looking through information provided from other agriturismo and wineries in the area, we hope these estimates give us enough capital to sustain past the initial period to recoup these large fixed costs. We intend to get the money to finance this by applying for two different interest-free grants. The first of which is from the Associazione Nazionale Donne Del Vino, which helps fund young women in Italy starting businesses in the wine industry. This association also would help us establish connections and find mentors in powerful women in the wine industry. The second fund is through the government which offers interest-free loans to young female entrepreneurs in

Tuscany. Although it may be difficult to achieve, we also hope to reach out for funding under the EU's Rural Development Program, universities around the world, and large stakeholders in the success of the wine industry. Since securing funding from Italian universities is notoriously difficult, we will reach out to universities in the US with large wine programs. We hope that with this combination of loans and grants we will be able to raise up to the 4.5 million euro mark, but if not we also are open to online crowdfunding, finding private investors, and even personal loans if necessary. With the help of both Italian and American financial consults, we hope that we can keep our initial funding plan on track to ensure that we can endure the first few years even with low cash flows inwards.

To determine how much wine our agriturismo will produce we have to take into account yield estimation factors. Planting density, the number of producing vines per hectare, the average number of clusters per vine and the average weight of each cluster are all important to consider when calculating yield. With a total of 2 hectares of vineyard we can estimate that each hectare of land will produce 55 hectoliters resulting in 110 hectoliters of wine. To break these numbers down even more  $110 \text{ hectoliters} = 11000 \text{ liters}$ . Our bottles are able to hold 0.75 liters of wine so,  $11000 / 0.75 = 14,666$ . In a year we will be able to produce around 14,000 bottles of wine. If we sell each of our bottles for 20 euro we can assume that we will make 280,000 euro per year just by selling our wine.

Our profits from our wine is not the only way we are generating income. For just 60 euro you can get a tour of our vineyard, winery, and cellar along with a tasting. If that doesn't satisfy you we also offer more in depth educational experiences to cater to your interest in our industry. Or perhaps you just want a glass of wine, we can do that too! With that being said there is a wide range of prices. An estimate of 40 visitors a day and each spending 60 euro to go on our

tour puts us at making about 2,400 euro a day and about 48,000 euro a month totaling 576,000 euro a year. These numbers are averages because of the number fluctuations during the high and low seasons.

Looking at our revenues and expenses helps us determine what our short term plan is followed by what our future plans or potential opportunities look like. Thinking short term, the first thing we want to accomplish is creating a strong social media presence. Interacting with consumers or potential customers is very important to get your name out and make yourself known especially with the coming generations. Not only do we want to connect with our consumers but we also want to start making solid connections with other vineyards, wineries and leaders in the industry to help us curate the best possible educational experience for our customers. Because our agriturismo is based on teaching others about the wine industry we need to make sure we have an acceptable program that will be a great opportunity to educate others. Attracting apprentices will also be an important goal to accomplish short-term. The tours that we offer will be a great starting point to beginner knowledge of Italian wines. By providing 3 different types of tours we can teach you exactly what you want to know. Starting each tour in our vineyard and ending in our cellar we can teach you winemaking start to finish and everything in between.

Once we have a little revenue coming in we can start thinking long-term. With our agriturismo having lots of land we have various opportunities to either expand our vineyards or facilities. Expanding our vineyard gives us more room to be creative with our wines by producing unique blends. It also allows us to sell our wines to other vineyards to experiment with their blending. Our students would have the potential to experiment in many different ways which would be a great opportunity for them to learn new viticulture and winemaking

techniques. And by expanding our facilities it allows us to house more students/workers.

Throughout the years we want to build a thriving work culture. We know it won't be able to happen right away but with lots of careful planning it can be something we can accomplish.

To accomplish our short term and long term goals we will need a marketing strategy to guide us in the direction of success. There are many different angles we can look at. Such as our #1 target customer being people who have an interest in the wine industry. To be more specific it can be a student studying viticulture or enology, a sommelier wanting to expand their palette, or even someone who wants to educate themselves better about the wine industry. Because our agriturismo is all about education we want as many people as possible to gain some sort of knowledge from us. We can also work the tourist angle. Tourists don't know much about the wine industry itself, they just want to go because it looks like fun and who doesn't want a glass of wine! Although they might not know much about the industry we can make it our mission to help them learn something valuable. It could be something as simple as learning how the grape is grown or how to properly taste our wines. There is always something we can teach. The last way we can market ourselves is by being two young women. Seeing a woman in the agriculture field is not very common, especially young. Most are men who have been farming their entire lives. Over 80% of winemakers in the world are males and 47% of people who drink wine are 55 years of age or older. Because of our unusual circumstances we can use it to our advantage and target younger women. Using these stats we can create a platform that is for younger women in the wine industry and help them get where they need to go and do what they want to do.

After identifying our target customers we need to come up with a way to market ourselves. With social media being one of the most effective ways to get your brand/company

out into the world we would start there. Using TikTok and Instagram helps us target our younger customers. It is a great way to be creative and make little clips of what we do day-to-day. Not only will we use it to show what we're all about but it is a perfect way to communicate our hours, events and deals. We will use facebook to target the older touristy customers. There we can do basically the same thing just targeted at an older group of people who will probably be traveling a little more. On the same route we can talk to big names in the wine industry, such as wine enthusiasts, wine folly, other Italian big names, etc. They would be able to write a small article about it and publish it which will definitely help get our name out and communicate to people who we are and what we do. Another way we can market ourselves is through universities, either American or Italian. We are very into the educational aspect of the wine industry and we want to help whoever we can. It can be difficult to obtain an apprenticeship or internship in the wine industry so by using universities as a main marketing platform we will be getting to the right people. Universities are always looking for a way to help their students so it won't be difficult to work with them and figure out what their students need. The last way we can get our name out is through other wine events. We stated earlier that we wanted to create strong connections with other vineyards. By creating that connection that will be able to point people in our direction if they would like to get educated about the wine industry. We can also collaborate with other vineyards/wineries in the educational aspect as well. Everyone can benefit from each other. Attending markets and wine fairs is also important to market ourselves. By going to those events we can let others try our wines and explain to them what we do. Discussing with our customers will create a curiosity and they will want to come visit us to see what we're all about and of course they want to try more of our wines! There are many other

ways to market ourselves but these 3 plans will help us to get up and running for now. In the future we hope to add special deals and discounts to reach an even larger audience.

Operationally, the main aspect setting Luogo di Ritrovo apart from other wineries is our apprenticeship program making up the majority of our workforce. Apprentices are our team of young passionate people entering the wine industry who want the freedom to take their ideas to the next level while getting amazing hands-on learning experiences in the wine industry. The apprentice positions will be structured similar to that of other internships and seasonal work experiences, such that the staff is consistently rotating through, receives educational experience, is expected to work in all fields, and comes from around the world. Most importantly they also work for non-traditional compensation meaning they receive housing, food, wine certifications, and education as their sources of income rather than a large salary. This benefits the workers as they do not have to worry about arranging housing in a foreign country, and also benefits us as the employer because we can keep our payroll costs low. Seasonal work has grown increasingly attractive following the Covid-19 pandemic and gives young people a great opportunity to work abroad while building a network of individuals passionate in their same fields. In order to attract apprentices to our program we plan on promoting ourselves heavily on social media and through platforms like CoolWorks where many seasonal workers search for jobs. We also want to differentiate ourselves from other wine apprenticeship programs by emphasizing the hands-on creative freedom ingrained in Luogo di Ritrovo. Daily the well-rounded apprentices will run the show under the direction of us managers taking on a variety of tasks from leading tours, to guests, to maintaining the facilities, picking grapes, and of course making wines.

Aside from the nearly 25 apprentices we can currently host at the winery, our staff is also made up of us as the owners and managers as well as a team of expert consultants who in the

beginning will be crucial to our success. Our vision is to open this vineyard in another decade, when both of us as owners have at least 10 years of wine experience under our belts. However, even with this experience ourselves we also have seen in many case studies that having outside help is crucial to successfully being able to run a winery. We see the need for an external agronomist that has expertise in Italian terroir, as well as consultants for sales and finance with more experience in Italian systems. We also think that having rotating consultants and experts in residence from around the world staying on our property in exchange for passing down their knowledge to our apprentices would be a great way to ensure that traditional practices are passed down to the younger generation. This would offer a great opportunity for older, more established wine makers to learn more about innovation, technology, and the power of media in the evolution of the wine industry, while our younger apprentices would learn history, techniques, and passion from these successful wine makers. Ultimately, Luogo di Ritrovo is designed as a place for people to meet and share their love of wine, this is the culture we want to build in our team of staff.

When it comes to our wine production we want to make creative and innovative wines unlike what you normally find on the shelf in most Italian wine shops. The creativity in our wine production will be driven by the new ideas that apprentices bring to the table. This offers the apprentices great experience and freedom to explore their ideas, while also providing the winery the ability to stay on the cutting edge. Since creativity and experimentation are at the core of our wine production, we will not be seeking DOC or DOCG designations. We feel that the market for these traditional wines is already saturated with amazing traditional producers, and that these designations do not align with the vision we have for the winery or our brand identity. We are not Italian and do not want to misrepresent ourselves as such, we also think that bringing new ideas

to the current Italian wine market is what will help us be successful. Not trying to achieve DOC or DOCG status will also allow us to go to market quicker with younger wines in the beginning years because we will not have to spend time dealing with the bureaucracy or requirements of establishing these designations. However, many of our wines likely will be IGT just due to all of our grapes coming from our property.

Even though we are not seeking the appellations of DOC and DOCG, we still will be producing wines of high quality and product safety. In order to be on the market in the EU there are various requirements to pass including maximum sulfite level, requirements for winemaking itself, rules regarding microbiological contaminants, as well as various other rules regarding production such as the HACCP. Aside from the must-haves to ensure safety of our product, there also is the information provided on the packaging which alerts the consumer to the quality of our product. In the long run, once we have sufficient funds built up, we also want to acquire additional certifications like through the VIVA Sustainable Wine program in Italy, as well as the EU's organic certification. These standards give our customers trust in us as a company that we are supplying them with a safe, quality product produced by sustainable methods that they support. This is also important from a teaching perspective for our apprentices because gaining experience working under the requirements of sustainable production is a vital skill in this evolving world of wine.

In the short term, the first 5 years, our main goal is just to get ourselves up and running with our feet under us as quickly as possible because we know establishing a winery takes time. In terms of wine production we want to start by producing 2 fresh younger wines that can be ready to drink within a year. Currently, the property has 1 hectare of sangiovese and 1 hectare of vermentino grapes planted, which we will use to produce a rosé and white, respectively. Initially,

we want to take full advantage of all of the wine making equipment left at the property by the previous owners before having to invest in new items, therefore we will ferment and age the wines in stainless steel and make use of their remaining bottling glass bottling equipment. This wine will be sold directly to customers mainly from visitors to the property, but also online through our website. Our major goal in the first couple years will just be to get our name out there, which we plan to do primarily through social media. We hope that our strong social media presence, the differentiation of us from competitors, and lower prices will help get many people through the door. We know the beginning will be difficult and surviving will be our main goal for the first couple of years. Therefore, we think that doing consulting work for other wineries specifically when it comes to marketing to the younger generation and improving their social media presence would be a good way to bring in additional income as well as build connections with other wineries. We believe that helping other wineries engage young people and stay relevant in society, even if they are our competitors, would have a positive impact on the entirety of Italian wine producers. In our infancy, when we have not built up a large repertoire of wines, is also a great time for us to host a variety of events on the property for the community and tourists alike. Some examples include yoga in the vineyard, outdoor dinners, small markets, and even wine education classes. This is a great use of our property that will be able to bring in some money, but more importantly increases awareness of Luogo di Ritrovo Winery.

Once we have made it through the first few years, we can start shifting our plan to align more with our ultimate goals and expand our product line. Since it can take years to establish new grapes we want to prioritize planting another hectare of grapes throughout this period. Specifically, we want to plant hybrid resistant varieties which are seen by many as the future of wine making because of how environmentally sustainable they are. Planting a couple different

types of hybrid grapes would bring more variety to our winery and also increase our potential for blending. This would also allow us to expand to 5 different labels. The first wine is an orange wine which is produced from white grapes fermented with the skins on to give more body and tannins to what technically is a white. The second wine is an amphora aged red wine which utilizes the traditional vessel to enhance the minerality of the wine. Finally, we would like to produce a naturally sparkling white wine. We think these 3 wines in addition to our original 2 will help expand our portfolio of wines, as well as help us realize the innovation aspect of our brand. With this expansion of labels we also think starting a wine club would be a good way to keep repeat customers and a steady supply of wine shipments to tourists who have visited. Finally, in this period we just want to keep our vision as a guiding compass and ensure that all of our short term goals are being built on to strengthen our company.

Finally, in the long term we will be able to start looking towards expanding our apprenticeship capacities and work towards becoming more of a leader in terms of implementing cutting edge practices in the wine industry. The best way for us to accomplish this goal is through collaborations with research institutions, universities, and other wineries. This will give us access to resources, funding, and new ideas. Once we are more established we can also begin to implement more sustainable practices. This includes transitioning to renewable energy whenever possible on the vineyard and ending the use of virgin glass bottles, which is seen by many as the biggest environmental issue in wine production. With this we also want to continue to expand our facilities to house more apprentices, enhance our winemaking facilities, and make the winery a more pleasant experience for guests. Also in the long term once we have sufficient funds, getting sustainability related certifications would help our brand to identifiably give

customers what they expect. Lastly, once we have expanded we plan on partnering with a distributor to get our larger supply of wines into wine shops internationally.

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