

Strategies and Intepreting Models of a Reformed DOC: the Prosecco Case Study

Luca Rossetto¹, Vasco Boatto², Luigino Barisan³
University of Padova.

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Abstract

Recently, Prosecco wine industry has dramatically increased. Wine producers were able to exploit successfully opportunities coming from both the supply growth and consumer appreciation (Boatto *et al.*, 2008; Boatto *et al.*, 2009). More recently, this success has been accomplished by an increasing competition on both domestic and international markets. In July 2009, the geographical denomination Prosecco (DO) has been strongly reformed: i) the Prosecco area has been unambiguously defined by introducing a new DOC (controlled DO) while the previous one has been replaced by the DOCG (controlled and guaranteed DO); ii) the name Prosecco has also been restricted to wine coming from that area only. This reform is supposed to further protect the value of Prosecco brand; however, dangerous threats have arisen since the Prosecco area have been significantly extended and the management of DOs is not yet clear. Theoretically, the theory of Clubs may give some hints in managing DOCG while the enforcement through a central authority may be the exit strategy for the management of new DOC. In this paper both hypothesis have been investigated. Results of NCP analysis confirm the significance of the Club for DOCG producers while forecasts about the increasing supply production and effects on prices are consistent with the tragedy of commons scenario. Eventually, the change in DOs should be accomplished by actions safeguarding the value of Prosecco as collective brand.

JEL classification: Q13, C18.

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¹Full Professor in Wine Economics and Policy, Research Center for Viticulture and Oenology (Cirve), University of Padova - Viale XXVIII Aprile, 14 - 31015 Conegliano (Treviso).

²Research Center for Viticulture and Oenology (Cirve), University of Padova.

³Corresponding author: luigino.barisan@unipd.it, Center for Viticulture and Oenology (Cirve), University of Padova. The authors accept sole responsibility for any errors.