

**INTERNATIONAL TRENDS IN WINE BUSINESS GLOBALIZATION: THE
RELATIONSHIP BETWEEN CAPITAL STRUCTURE, THE BUSINESS GROWTH AND
THE PROFITABILITY. A COMPARED ANALYSIS BETWEEN THE ITALIAN PRIVATE
COMPANIES AND THE COMPANIES LISTED IN THE INTERNATIONAL STOCK
MARKETS**

Montezemolo Stefano Cordero¹; Devigili Luca²; Pucci Tommaso³

¹Part time Professor of Business Economics and Administration, Faculty of Economics, University of Florence, via delle Pandette 9, 50127 Firenze (Italy), mail: montezemolo@unifi.it

²PhD candidate, Faculty of Economics “La Sapienza”, University of Rome, Via del Castro Laurenziano, 9, 00161 Roma (Italy), mail: devigili@unisi.it

³PhD candidate, Faculty of Economics, University of Florence, Via delle Pandette, n. 9, 50127 Firenze (Italy), mail: tommaso.pucci@unifi.it

Abstract

The Italian wine companies has a low tendency to open the capital to external partners, just the reverse of what happens in the international wine business scenario. Our purpose is clearing if a capital structure opened to third partners is a necessary condition to an efficient presence on the global market. Also we try to find the internal and external condition needed for the capital widening.

The literary review reflect the main theme on the corporate capital management in the wine business. Then, utilizing several databases, we analysed the financial statements and the market value of the companies listed in the international stock exchanges whose activities are mainly in the wine industry. Also we studied the financial data of the main Italian wine companies divided in four groups based on the different level of sales turnover. On the base of several patrimonial, economical, financial indicator we compare the two subject of analysis in order to highlight analogies and differences in the corporate capital managerial behaviour.

We have analysed the two different clusters and we noticed some relevant common features that may explain the profitability, the growth and the corporate value of the firms which operate in the wine industry.

These results may support to forecast the evolution of the wine industry at a local and global level and to design the guidelines of the future strategies for the wine companies that really want to achieve, improve or consolidate their competitive advantages and their financial performances.

Keywords: wine business, globalization, corporate value, market value, family business, corporate capital, external partners

Track number: 52. Wine business and globalization.

1. Introduction

Introducing our work, we'd like to highlight the main important dimension of the international market: production and consumption.

As described by the OIV, in the 2008 wine production has been estimated at 267.8 million hectolitres, up 0.6% on the 266.1 million hectolitres recorded in 2007. The highest level recorded since 1997, has been produced in 2004, when the hectolitres were 296.6 million. Estimates for 2009 suggest wine production will be virtually identical to that of the previous year, with the average estimate being 268 million hectolitres, ranging from a high of 273.1 million to a low of 262.8 million hectolitres. Some 60% of production is carried out in European Union countries. Italy is the leading producer, with a market share of 17.5% of world production and 29.5% of European production, followed by France (with 15.5% and 26.1% respectively) and Spain 13.5% and 22.7%). The main non-European producers are the United States (with 7.2% of global production), which in 2008 reported a downturn of 2.7% (estimates for 2009 suggest a 6.6% increase), followed by Argentina (5.5% of world total), which between 2006 and 2008 recorded consistently decreasing volumes (with a further 5.3% reduction estimated for 2009), and Australia (with a share of 4.6%), where volumes were stable until 2006, fell by 33% in 2007 because of the draught, grew by 29.3% in 2008 and then fell again by approx. 6% in 2009; while South Africa was stable (with 3.8%), having exceeded 10 million hectolitres of production in 2008 (estimates in the last year suggest this will fall slightly to just under this threshold). Total EU production declined again in 2008, from 176.8 million hectolitres in 2006 and 161.3 million in 2007 to 159.5 million hectolitres,

with estimates for 2009 suggesting output of 160.6 million hectoliters, up 0.7% on the previous year. Italian wine production in 2008 totalled 47 million hectolitres, up around 2.2% on 2007. The output for 2009 is estimated by the OIV to be around 3% lower than the preceding harvest. Again for 2008, the value of Italian wine produced (at production prices) may be estimated at €9bn, and apparent consumption at €5.8bn (Mediobanca 2010).

With the effect of the worldwide economic downturn, the global 15-member EU consumption shows a significant decrease between 2008 and 2009 (-5.8 Miohl, i.e. -4.6% / 2008), considering that this decrease was already apparent in the second half of 2008 (-2.3 Miohl, or - 1.8% / 2007).

Therefore, countries that are historically big producers and consumers have intensified the reduction of their consumption and record, in a first analysis, a significant reduction in terms of demand: -1,7 Miohl in Italy, -1,5 Miohl in Spain, -0,9 Miohl in France between 2008 and 2009.

The downturn also affects demand from some importing countries, the first of which are Germany (-0.5 Miohl / 2008) and the United Kingdom (-0.8 Miohl); these countries therefore no longer have the effect of compensating, even partially as in the past, the downward trend observed in countries that are traditionally wine producers.

In a first analysis, the consumption in the 15-member EU should show a decrease for 2009 to reach 120.2 Miohl vs 126.0 Miohl in 2008 and 128.3 Miohl in 2007.

Outside the 15-member EU, for monitored countries, the effects of the downturn are also felt except, according to a first analysis, in a limited number of countries such as Switzerland, Australia or the Czech Republic, given that for the two latter countries, the recent evolution in demand showed a marked evolution during the year.

And so in the USA, (after a slight decrease of demand between 2007 and 2008 which slowed down the upward trend in north American demand and which lead the USA to become the second largest inside market in 2007 - It should be noted that this increase was, with that of China and Russia, the main engine of the growth of world demand) a first analysis showed a relatively important decrease estimated to be -0.7 Miohl between 2008 and 2009, i.e. -2.5%.

Despite the fact that the New-Zealand consumption maintains a high level and is only slightly eroded, and that the Brazilian consumption reached in 2009 its 2007 levels, significant demand reductions have also been recorded in Argentina (-0.4 Miohl) and in South Africa (- 0.15 Miohl) (OIV, 2010).

In this market full of numerous players, global, where compete business models completely different, we try to understand, nowadays, witch one is the most performer on the international context.

We focus our research on three level of analysis:

- At a firm specific level around the age of the company we considered;
- At the industry specific level around the corporate capital structure;
- At the national level around the relation between the “Old” and the “New World” of wine companies.

As a corollary of these, we try to understand what role can play Italian wineries on the present scenario.

2. Literary Review

2.1 The open of corporate capital

The wine sector includes a large variance in company types ranging from large global corporations to small family-owned and -operated firms. Each type must content with a product, which takes a large amount of fixed assets and a long time period to develop in the sense of starting a vineyard and producing and possibly aging wine. Investment and financial strategies thus are of crucial importance in the wine industry for each type of business (Orth *et al.*, 2007). Also the access to financing and its cost is a fundamental dimension of international competition in the wine industry. From the supply side of financial resources, the opening to external financers is crucial in the value creation process (Viviani, 2008).

The financial structure of the companies is indeed a distinctive factor between the wines of Old and the New World (Saulpic and Tanguy, 2002). Relatively small family companies of the traditional producer countries face the multinationals of the New World which have access to the various financial resources offered by capital markets and banks. This easier access to the financial resources is a considerable source of competitive advantage for the wine companies of the New World. The “size question” around capital structure is supported by several theoretical reasons. Smaller firms may find it relatively more costly to resolve informational asymmetries with lenders and financiers, which discourages the use of outside financing (Chung, 1993; Grinblatt and Titman, 1998) and should increase the preference of smaller firms for equity relative to debt (Rajan and Zingales, 1995). However, this problem may be mitigated with the use of short-term debt (Titman and Wessels, 1988). Relative

bankruptcy costs and probability of bankruptcy (larger firms are more diversified and fail less often) are an inverse function of firm size (Warner, 1977; Ang et al., 1982; Pettit and Singer, 1985; Titman and Wessels, 1988). A further reason for smaller firms to have lower leverage ratios is that smaller firms are more likely to be liquidated when they are in financial distress (Ozkan, 1996).

In order to clarify our research, we concentrate our attention on the increasing “financialization” - described as a process in which financial value (shareholder value maximization) become the leading institutional and organizational criteria for firms listed in stock markets (Coelho and Rastoin, 2006) - and the relation with the performance on the world wide markets. Considering all these aspects, we formulate the first hypothesis:

H1: an open corporate capital to new shareholders’ equity influences positively the company performance.

2.2 *The “New World” and the “Old World”*

The wine business has been dominated through most of the 20th century by Western Europe; France, Spain, Italy, Portugal and Germany are usually indicated as the “Old World”. We can affirm this considering different aspects: first of all these countries accounted for the majority of grapes and wines produced; then, most of the consumption was also concentrated in these markets, where wine was widely considered as a complement to ordinary meals or part of the traditional way of life. The rise of that common known as “New World” wine countries, Australia, USA, Chile, Argentina, South Africa, and New Zealand, changed the dominant wine drinking model. Nowadays we can find quality wine produced in such unexpected places as Cuba, Norway, Virginia, Canada, or China, though the vast majority of their production is still sold domestically (Orth *et al.*, 2007).

In many of these new producing countries, consumers are discovering wine as new product and adopting new ways of drinking. Thus, although wine appears to become a “global product”, there are important cultural differences underlying the business model, but also the evaluation of the performance of the wine supply chain in each country. Wine producers are both consolidating and becoming a part of globally operating alcoholic beverages giants or luxury corporations. Constellation Brands and LVMH (Moët Hennessy Louis Vuitton) are the two largest companies involved in the trade with Fosters Wine Estates and Pernod Ricard following close behind. One of the largest, E.&J. Gallo Winery, is still privately owned. These companies are large enough to exert considerable negotiating power with retailers while smaller wineries find it increasingly difficult to gain shelf space. In many countries,

particularly in Europe (France, Italy, and Germany) a large share of the wine business is run by cooperative organizations; wine growers have developed sophisticated administrative structures for controlling collaborative grape growing and wine making, and these organizations compete on world markets with family businesses as well as corporate giants. The strong links that cooperatives have with local situations and their particular, participatory governance system raises the question of their relative competitiveness and performance, and their impact on regional policy making.

Considering all of these aspects, we formulate the following hypothesis:

H2: National variables influence company performances (Old vs. New World).

2.3 Do the oldest wineries perform better than the newest ones?

The time a wine company has been spending on the markets and its age are important parameters that can explain its performances (Maurel, 2009). When we consider the experience, we refer to two elements. First, firm overall experience is the age of the company, assessed through its date of establishment or the number of years since it was created. Indeed, older companies are guided by an agricultural and wine-growing tradition which can be seen as an obstacle to the implementation of new business model (Mjocchi et al, 2005).

This is important also under a financial point of view: the longer a company has been servicing its loan, the more likely the business is viable and its owner trustworthy. In consequence, the duration of the relation between a company and the banking system reduces information asymmetries between companies and banks (Viviani, 2008).

H3: maturity as a positive association with performance.

3. Research Methodology

3.1 Samples selection

In order to verify our research hypothesis, we individuate the firms¹ that represent the object of our analysis in the following way. The sample made on the Italian firms, it's settled by 139 companies. 13 of these have the juridical² form of a cooperative and represent the 23,91% of

¹ We use the following database: ISTAT, Banca dati dei bilanci AIDA, Ufficio Studi MedioBanca, Federvini, Reuters.

² These include three of the five most important cooperatives for sales volume: GIV, Mezzacorona and Cavit. This does not include cooperatives and CAVIRO Cantine Riunite & CIV which together have a turnover in 2008 amounted to 423 ml. euro.

the complete aggregate in terms of turnover. The other 123 have the S.p.A. and S.r.l. juridical form and they represent the remaining 76,09%.

Although it is not possible to have accurate and comprehensive data on Italian wine producers because of the strong fragmentation of the sector, the 139 companies selected represent a significant sample in terms of revenue share (3.802 billion euro in 2008³). The sample is sufficiently represented by a dimensional point of view being made, according to the EU classification, from 22 large companies, 53 medium-sized companies and 64 micro and small enterprises⁴.

If we consider the size classification proposed by the Ufficio Studi Mediobanca⁵, the sample is divided in 80 small firms and 59 medium-sized enterprises. In Table 1 we show the two proposed groups with relative abundance in terms of observations and turnover rate.

Table 1 – Italian sample 2008

| | <i>UE class.</i> | | <i>Uff. St. MedioBanca class.</i> | |
|-----------------|------------------|-----------------|-----------------------------------|-----------------|
| | <i>N</i> | <i>% Reven.</i> | <i>N</i> | <i>% Reven.</i> |
| Micro and Small | 64 | 8,70 | 80 | 13,83 |
| Medium | 53 | 32,63 | 59 | 86,17 |
| Medium-Big* | - | - | | |
| Big | 22 | 58,67 | | |

Note: * the medium and big class refers to the Mediobanca classification

The sample of listed companies is 56⁶ of the 57 international companies operating in the June 30, 2009⁷ on stock markets worldwide. None of these are listed on the Milan Stock Exchange. In 2008 the sample contains a total turnover of 9.667 billion euro⁸. From a dimensional point of view, according to EU, there are 10 small companies (0.6% of sales), 18 medium-sized companies (4.3% of sales) and 28 large companies (95.1% turnover). According to Mediobanca would have 15 small companies (1.29% of sales), 35 medium (38.60% of sales), 5 medium-large (23.79% of sales) and 1 large⁹ (36, 32% of

³ The Mediobanca study on the first 99 Italian wine firms report an aggregate revenue of 4,158 billion of euros.

⁴ The EU classification includes: those large companies with a turnover exceeding 50 ml.euro, those medium-sized businesses with a turnover between 10 and 50 ml. euro, those small businesses with revenues of less than 10 ml. euro and micro enterprises and those with sales less than 2 ml. euro.

⁵ The size classification proposed by the Ufficio Studi Mediobanca provides: those small businesses with turnover of less than 15 ml. euro, those medium-sized enterprises between 15 and 330 ml. euro, medium and large ones between 330 and 3,300 ml. euro and those with large sales exceeding 3,000 ml. euro.

⁶ We exclude from the sampling the Foster's Group for the non-availability of the balance sheet.

⁷ Both for listed companies of the international sample and the Italian companies we considered the budget available within the first six months of 2009. Because most of the companies close their balance on the 31th of December 2008 we consider the sample as the year 2008.

⁸ The financial statements of EU non-euro area have been converted into euro at the exchange rate of the balance sheet date or the next one if not available the first.

⁹ It is Constellation Brands, which for the year ended on the 28th of February 2009 had total revenue for 3.509 billion euro.

sales). At the present state of research is not yet possible to ponder the weight of turnover in the wine segment of each listed company. We anticipate that this could be a future development of research to be explored. In Table 2 we report the two groups proposed (EU and Mediobanca) with relative abundance in terms of observations and turnover rate.

Table 2 – Listed sample 2008

| | <i>UE class.</i> | | <i>Uff. St. Mediobanca class.</i> | |
|---------------|------------------|-----------------|-----------------------------------|-----------------|
| | <i>N</i> | <i>% Reven.</i> | <i>N</i> | <i>% Reven.</i> |
| Micro e Small | 10 | 0,6 | 15 | 1,29 |
| Medium | 18 | 4,3 | 35 | 38,60 |
| Medium-Big* | - | - | 5 | 23,79 |
| Big | 28 | 95,1 | 1 | 36,32 |

Note: * the medium and big class refers to the Mediobanca classification

For the purposes of our analysis we consider the prevailing European size classification that allows us to disaggregate the sample into classes more significant from a standpoint of number of observations investigated, particularly with reference to the Italian champion. However, there are considerations that can take advantage of the breakdown used by Mediobanca.

3.2 Variables

In order to test our research hypotheses, we selected a set of relevant variables related to the performance of the companies surveyed and their financial structure and assets. We then considered the companies' year of establishment and if they are part, or not, of the "Old World".

Literature provides different measuring systems of the companies performance. In theory, these indicators can be summarized in (Cariola *et al.*, 2006):

- Accounting measurements (utilizing accounting and financial data);
- Market measurements (utilizing data deriving from the market);
- Mixed measurements (utilizing both typologies).

For the purposes of this investigation we use the determinant of the first set of indicators. Thus for each company of the two samples the main economic indicators of profitability generally accepted in the literature were calculated: the ROI (return on investment), ROS (return on sales), the GMOs (gross margin on sales), ROE (return on equity), CT (capital turnover), and revenue growth. To assess the financial structure and assets of the company we chosen to calculate the total liabilities to equity ratio. Again, the literature agrees on the significance of such index in order to correlate the financial structure

of a company with its performance (Modigliani and Miller, 1958; Fischer *et al.*, 1989; Cheng, 2009).

With reference to the variable year of establishment, the international literature documenting the importance of experience as a resource to explain performance differentials. The effect of experience plays a crucial role at the organizational level in optic RBV (March 1991), as part of the internationalization strategies (Wu and Lin, 2010; Camison and Villar-Lopez, 2010) and studies on the transition generation (MkGiven, 1968; Chirico, 2008). The choice of the variable in question is therefore instrumental to the verification of the third research hypothesis or whether the effect of experience plays a significant role in the confrontation between business models and multi-national models. In particular, we segmented the sample firms into three groups according to whether or not to fall before the year 1965, between 1966 and 1985 and from 1986 onwards.

In recent years, the wine market has changed both in terms of demand and supply. The effects of globalization have not only led to the emergence of the New World producers from countries that have rapidly accomplished at an international level. For this reason, as the last feature of listed companies we have considered the international membership to - or not - the Old World as a possible discriminating corporate performance (Banks and Overton, 2010, Hussain et al., 2007).

4. Results

From an initial comparison of the results (tables 3, 4 and 5) emerges as the year 2008 has been the hardest for the Italian companies.

Table 3 – Descriptive statistic: Italian sample

| | N | Mean | St. Dev. | Median | Min | Max | Sum |
|-----------------------------------|-----|---------------|---------------|---------------|----------------|----------------|------------------|
| Revenues 2008 (migl. of €) | 139 | 27.353 | 41.590 | 110.87 | 1.578 | 281.321 | 3.802.074 |
| Revenues (3 years weighted mean) | 139 | 27.004 | 41.870 | 11.694 | 1.669 | 281.484 | 3.753.549 |
| Revenues (3 years mean) | 139 | 26.598 | 41.617 | 11.883 | 1.702 | 281.562 | 3.697.133 |
| ROI 2008 (%) | 139 | 5,21 | 8,08 | 4,12 | -40,99 | 40,56 | |
| ROI (3 years weighted mean) | 139 | 7,98 | 18,24 | 4,76 | -18,19 | 199,07 | |
| ROI (3 years mean) | 139 | 9,78 | 32,25 | 5,01 | -10,57 | 374,10 | |
| ROS 2008 (%) | 139 | 3,19 | 10,88 | 3,37 | -92,85 | 23,89 | |
| ROS (3 years weighted mean) | 139 | 4,49 | 7,70 | 3,58 | -41,89 | 24,52 | |
| ROS (3 years mean) | 139 | 4,96 | 6,97 | 4,03 | -25,01 | 25,61 | |
| GMOS 2008 (%) | 139 | 40,14 | 16,31 | 37,49 | -7,75 | 95,19 | |
| GMOS (3 years weighted mean) | 139 | 40,68 | 15,57 | 38,83 | 11,55 | 93,64 | |
| GMOS (3 years mean) | 139 | 40,93 | 15,47 | 38,69 | 11,38 | 93,37 | |
| ROE 2008 (%) | 139 | -2,23 | 30,80 | 1,02 | -274,37 | 27,41 | |
| ROE (3 years weighted mean) | 139 | 0,99 | 17,78 | 1,85 | -135,40 | 36,12 | |
| ROE (3 years mean) | 139 | 2,34 | 13,90 | 2,56 | -88,57 | 41,14 | |

| | | | | | | |
|-----------------------------------|-----|-------------|--------------|--------------|---------------|--------------|
| CT 2008 | 139 | 1,33 | 1,12 | 1,03 | 0,09 | 7,82 |
| CT (3 years weighted mean) | 139 | 1,71 | 3,85 | 1,11 | 0,10 | 44,84 |
| CT (3 years mean) | 139 | 2,03 | 7,25 | 1,07 | 0,10 | 85,89 |
| Revenues grow. '08-'07 (%) | 139 | 2,25 | 15,45 | -0,41 | -27,96 | 62,57 |
| Revenues (3 years weighted mean) | 139 | 6,29 | 9,66 | 4,63 | -8,15 | 34,00 |
| Revenues grow. (3 years mean) | 139 | 6,71 | 8,01 | 5,61 | -13,62 | 28,93 |

Table 4 – Descriptive statistic: Italian sample (dimensional groups – Mediobanca classification 2008)

| | N | Mean | St. Dev. | Median | Min | Max |
|-----------------------------------|-----------|---------------|---------------|---------------|----------------|----------------|
| Small | 80 | | | | | |
| Revenues 2008 (migl. of €) | 80 | 6.572 | 3.497 | 6.008 | 1.578 | 14.491 |
| Revenues (3 years mean) | 80 | 6.646 | 3.530 | 6.097 | 1.702 | 15.191 |
| ROI 2008 (%) | 80 | 3,51 | 7,69 | 3,55 | -40,99 | 30,55 |
| ROI (3 years mean) | 80 | 10,42 | 41,96 | 4,45 | -10,57 | 374,10 |
| ROS 2008 (%) | 80 | 1,72 | 12,96 | 2,83 | -92,85 | 14,64 |
| ROS (3 years mean) | 80 | 3,98 | 7,02 | 4,00 | -25,01 | 17,24 |
| GMOS 2008 (%) | 80 | 42,57 | 17,92 | 41,07 | -7,75 | 95,19 |
| GMOS (3 years mean) | 80 | 43,60 | 16,42 | 42,23 | 11,38 | 93,37 |
| ROE 2008 (%) | 80 | -3,87 | 24,78 | 0,20 | -155,89 | 27,41 |
| ROE (3 years mean) | 80 | 0,78 | 12,49 | 0,83 | -53,12 | 41,14 |
| CT 2008 | 80 | 0,96 | 0,63 | 0,75 | 0,09 | 2,93 |
| CT (3 years mean) | 80 | 2,11 | 9,51 | 0,82 | 0,10 | 85,89 |
| Medium | 59 | | | | | |
| Revenues 2008 (migl. of €) | 59 | 55.531 | 51.919 | 38.922 | 15.355 | 281.321 |
| Revenues (3 years mean) | 59 | 53.652 | 53.011 | 34.970 | 15.692 | 281.562 |
| ROI 2008 (%) | 59 | 7,53 | 8,08 | 5,34 | -3,91 | 40,56 |
| ROI (3 years mean) | 59 | 8,91 | 8,66 | 5,54 | -2,18 | 40,51 |
| ROS 2008 (%) | 59 | 5,18 | 6,75 | 3,56 | -19,21 | 23,89 |
| ROS (3 years mean) | 59 | 6,29 | 6,73 | 4,03 | -4,01 | 25,61 |
| GMOS 2008 (%) | 59 | 36,85 | 13,29 | 35,28 | 11,11 | 71,07 |
| GMOS (3 years mean) | 59 | 37,32 | 13,40 | 36,12 | 11,91 | 71,13 |
| ROE 2008 (%) | 59 | 0,00 | 37,57 | 3,60 | -274,37 | 25,87 |
| ROE (3 years mean) | 59 | 4,47 | 15,46 | 5,01 | -88,57 | 29,22 |
| CT 2008 | 59 | 1,84 | 1,40 | 1,66 | 0,37 | 7,82 |
| CT (3 years mean) | 59 | 1,93 | 1,40 | 1,80 | 0,39 | 7,50 |

Note: TOT N = 139

Table 5 – Descriptive statistic: Listed companies sample

| | N | Mean | St. Dev. | Median | Min | Max |
|------------------------------------|----|----------------|----------------|---------------|---------------|------------------|
| Revenues 2008 (migl. of €)* | 56 | 172.627 | 476.720 | 47.785 | 1.051 | 3.509.944 |
| ROI 2008 (%) | 56 | 8,33 | 21,23 | 9,50 | -74,13 | 61,11 |
| ROI (3 years mean) | 56 | 6,80 | 30,80 | 9,80 | -138,77 | 59,51 |
| ROS 2008 (%) | 56 | 6,55 | 20,10 | 7,55 | -73,12 | 47,59 |
| ROS (3 years mean) | 56 | 4,20 | 25,86 | 7,30 | -89,21 | 47,92 |
| GMOS 2008 (%) | 56 | 41,80 | 19,51 | 40,08 | 7,44 | 100,00 |
| GMOS (3 years mean) | 56 | 41,51 | 19,98 | 39,84 | 7,16 | 100,00 |
| ROE 2008 (%) | 56 | 2,22 | 17,44 | 4,74 | -74,13 | 35,17 |
| ROE (3 years mean) | 56 | 1,04 | 23,54 | 6,96 | -93,37 | 28,85 |
| CT 2008 | 56 | 2,15 | 5,19 | 1,11 | 0,21 | 39,22 |
| CT (3 years mean) | 56 | 2,12 | 3,80 | 1,22 | 0,20 | 28,20 |
| Revenues grow. '08-'07 (%) | 56 | 23,01 | 76,15 | 3,05 | -23,69 | 389,82 |
| Revenues grow. (3 years mean) | 56 | 17,12 | 26,89 | 7,14 | -10,32 | 118,82 |

Note: Totale revenues 2008: 9.667.113.000

These record an average ROI of 5.21% compared with 8, 33% of listed companies. However if we consider the last three years available, we can highlight the best performance for the national sample in terms of profitability. In fact prove to be most efficient in terms of ROI (9.78% versus 6.80% of international), and in terms of ROE (2.34% versus 2.22%) and ROS (4.96% vs. 4, 20%). Revenue growth is instead in favour of listed companies. These recorded an average growth of 17.12% over the three years compared to only 6.71% of Italian companies. The result can be interpreted in several ways, none of these can be considered as definitively exhaustive. Certainly we need to highlight that in the sample are present international players from the New World, which tend to have very high growth rates because of the starting level of their business is lower than the other competitors. Another key that suggest and still requires further study would be to see that Italian companies to remain at lower production levels, but higher value added. While multinational companies need to address issues of standardization and adaptation to compete on different markets (Vrontis et al., 2009), smaller firms can better exploit their ability to differentiate into niche markets where quality is still a crucial source of competitive advantage (Mattiacci, 2000) even if it is right to note that in some cases, the enhancement of the production areas may appear more as a defensive strategy that a deliberate and ongoing strategy process in the face of growing international competition (Zanni, 2004). If we operate the same comparison by dividing the sample into size classes (table 6 and table 7), we see that over three years for small and medium-sized Italian companies on average performs better than companies listed in operational terms.

Table 6 – Descriptive statistic: Italian sample (dimensional groups- UE classification 2008)

| | N | Mean | St. Dev. | Median | Min | Max |
|-----------------------------------|-----------|----------------|-----------------|---------------|----------------|----------------|
| Micro | 4 | | | | | |
| Revenues 2008 (migl. of €) | 4 | 1.814 | 194 | 1.844 | 1.578 | 1.989 |
| Revenues (3 years mean) | 4 | 1.970 | 221 | 1.991 | 1.702 | 2.197 |
| ROI 2008 (%) | 4 | 3,53 | 3,69 | 4,50 | -1,39 | 6,53 |
| ROI (3 years mean) | 4 | 4,18 | 3,69 | 4,51 | -0,62 | 8,33 |
| ROS 2008 (%) | 4 | 4,97 | 7,58 | 6,01 | -5,13 | 13,00 |
| ROS (3 years mean) | 4 | 6,24 | 7,34 | 5,69 | -2,17 | 15,75 |
| GMOS 2008 (%) | 4 | 49,53 | 22,90 | 41,46 | 32,32 | 82,87 |
| GMOS (3 years mean) | 4 | 49,58 | 24,98 | 44,13 | 25,49 | 84,57 |
| ROE 2008 (%) | 4 | 0,48 | 4,64 | 1,51 | -6,03 | 4,92 |
| ROE (3 years mean) | 4 | 1,20 | 1,74 | 0,72 | -0,33 | 3,71 |
| CT 2008 | 4 | 0,49 | 0,18 | 0,51 | 0,25 | 0,68 |
| CT (3 years mean) | 4 | 0,54 | 0,18 | 0,55 | 0,31 | 0,74 |
| Small | 60 | | | | | |
| Revenues 2008 (migl. of €) | 60 | 5.393 | 2.067 | 5.113 | 2.285 | 9.359 |
| Revenues (3 years mean) | 60 | 5.449 | 2.064 | 5.132 | 2.249 | 9.222 |
| ROI 2008 (%) | 60 | 4,11 | 6,43 | 3,37 | -9,41 | 30,55 |
| ROI (3 years mean) | 60 | 6,39 | 8,87 | 4,29 | -5,39 | 49,35 |
| ROS 2008 (%) | 60 | 2,72 | 7,88 | 2,83 | -30,51 | 14,64 |
| ROS (3 years mean) | 60 | 4,25 | 6,59 | 4,00 | -24,90 | 17,24 |
| GMOS 2008 (%) | 60 | 43,51 | 17,29 | 41,92 | 11,63 | 95,19 |
| GMOS (3 years mean) | 60 | 44,18 | 16,43 | 42,51 | 11,38 | 93,37 |
| ROE 2008 (%) | 60 | -2,69 | 20,00 | 0,12 | -107,65 | 27,41 |
| ROE (3 years mean) | 60 | 1,62 | 11,69 | 1,02 | -53,12 | 41,14 |
| CT 2008 | 60 | 0,92 | 0,62 | 0,74 | 0,09 | 2,93 |
| CT (3 years mean) | 60 | 1,03 | 0,72 | 0,81 | 0,10 | 3,88 |
| Medium | 53 | | | | | |
| Revenues 2008 (migl. of €) | 53 | 23.405 | 10.968 | 20.713 | 10.201 | 48.302 |
| Revenues (3 years mean) | 53 | 22.975 | 10.290 | 22.066 | 9.541 | 46.695 |
| ROI 2008 (%) | 53 | 5,83 | 9,58 | 5,55 | -40,99 | 40,56 |
| ROI (3 years mean) | 53 | 14,79 | 50,91 | 5,79 | -10,57 | 374,10 |
| ROS 2008 (%) | 53 | 2,46 | 14,79 | 3,19 | -92,85 | 23,89 |
| ROS (3 years mean) | 53 | 4,78 | 7,10 | 3,71 | -25,01 | 25,61 |
| GMOS 2008 (%) | 53 | 36,60 | 15,11 | 37,13 | -7,75 | 73,59 |
| GMOS (3 years mean) | 53 | 37,65 | 13,76 | 36,16 | 11,91 | 73,91 |
| ROE 2008 (%) | 53 | -4,94 | 44,70 | 2,62 | -274,37 | 21,50 |
| ROE (3 years mean) | 53 | 1,68 | 17,80 | 3,73 | -88,57 | 29,22 |
| CT 2008 | 53 | 1,75 | 1,17 | 1,66 | 0,38 | 6,32 |
| CT (3 years mean) | 53 | 3,46 | 11,60 | 1,75 | 0,39 | 85,89 |
| Big | 22 | | | | | |
| Revenues 2008 (migl. of €) | 22 | 101.397 | 61.418 | 82.609 | 52.804 | 281.321 |
| Revenues (3 years mean) | 22 | 98.257 | 65.634 | 70.222 | 47.192 | 281.562 |
| ROI 2008 (%) | 22 | 7,04 | 8,67 | 4,04 | -3,91 | 37,89 |
| ROI (3 years mean) | 22 | 7,99 | 9,40 | 4,94 | -2,18 | 40,51 |
| ROS 2008 (%) | 22 | 5,87 | 6,55 | 3,72 | -1,90 | 22,16 |
| ROS (3 years mean) | 22 | 7,12 | 7,60 | 5,40 | -1,40 | 25,59 |
| GMOS 2008 (%) | 22 | 37,79 | 13,46 | 32,89 | 20,75 | 71,07 |
| GMOS (3 years mean) | 22 | 38,42 | 13,38 | 34,62 | 21,62 | 71,13 |
| ROE 2008 (%) | 22 | 5,07 | 9,04 | 3,83 | -17,27 | 25,87 |
| ROE (3 years mean) | 22 | 6,13 | 9,10 | 5,40 | -19,08 | 24,83 |
| CT 2008 | 22 | 1,59 | 1,62 | 1,43 | 0,37 | 7,82 |
| CT (3 years mean) | 22 | 1,58 | 1,46 | 1,36 | 0,43 | 7,23 |

Note: TOT N = 139

Table 7 – Descriptive statistic: Listed sample (dimensional groups – UE classification 2008)

| | N | Mean | St. Dev. | Median | Min | Max |
|-----------------------------------|-----------|----------------|-----------------|----------------|---------------|------------------|
| Small | 10 | | | | | |
| <i>Revenues 2008 (migl. of €)</i> | 10 | 5.810 | 3.253 | 6.213 | 1.051 | 9.849 |
| <i>ROI 2008 (%)</i> | 10 | -13,76 | 28,69 | -3,30 | -74,13 | 13,82 |
| ROI (3 years mean) | 10 | -32,54 | 50,26 | -12,98 | -138,77 | 21,97 |
| <i>ROS 2008 (%)</i> | 10 | -12,51 | 35,13 | -5,89 | -73,12 | 32,40 |
| ROS (3 years mean) | 10 | -27,62 | 43,91 | -16,94 | -89,21 | 26,95 |
| <i>GMOS 2008 (%)</i> | 10 | 33,24 | 16,50 | 34,61 | 7,67 | 65,37 |
| GMOS (3 years mean) | 10 | 32,59 | 16,98 | 27,56 | 17,45 | 73,10 |
| <i>ROE 2008 (%)</i> | 10 | -13,77 | 27,77 | 1,23 | -74,13 | 11,22 |
| ROE (3 years mean) | 10 | -29,04 | 39,55 | -12,52 | -93,37 | 18,59 |
| <i>CT 2008</i> | 10 | 0,86 | 0,73 | 0,58 | 0,27 | 2,61 |
| CT (3 years mean) | 10 | 1,26 | 1,62 | 0,69 | 0,30 | 5,46 |
| Medium | 18 | | | | | |
| <i>Revenues 2008 (migl. of €)</i> | 18 | 23.204 | 9.440 | 21.470 | 11.532 | 42.620 |
| <i>ROI 2008 (%)</i> | 18 | 8,26 | 16,48 | 8,71 | -15,62 | 61,11 |
| ROI (3 years mean) | 18 | 9,24 | 14,57 | 9,18 | -25,08 | 43,07 |
| <i>ROS 2008 (%)</i> | 18 | 9,49 | 14,47 | 6,55 | -16,64 | 47,59 |
| ROS (3 years mean) | 18 | 9,26 | 16,31 | 7,56 | -28,02 | 47,92 |
| <i>GMOS 2008 (%)</i> | 18 | 46,54 | 26,43 | 42,50 | 7,44 | 100,00 |
| GMOS (3 years mean) | 18 | 46,58 | 26,60 | 44,61 | 7,16 | 100,00 |
| <i>ROE 2008 (%)</i> | 18 | 1,58 | 11,19 | 4,14 | -26,00 | 22,22 |
| ROE (3 years mean) | 18 | 2,04 | 12,22 | 4,99 | -34,02 | 18,05 |
| <i>CT 2008</i> | 18 | 3,22 | 9,02 | 0,82 | 0,21 | 39,22 |
| CT (3 years mean) | 18 | 2,68 | 6,42 | 0,84 | 0,20 | 28,20 |
| Big | 28 | | | | | |
| <i>Revenues 2008 (migl. of €)</i> | 28 | 328.262 | 642.317 | 170.570 | 52.950 | 3.509.944 |
| <i>ROI 2008 (%)</i> | 28 | 16,26 | 15,05 | 15,08 | -15,44 | 46,25 |
| ROI (3 years mean) | 28 | 19,27 | 14,79 | 16,12 | -3,06 | 59,51 |
| <i>ROS 2008 (%)</i> | 28 | 11,47 | 10,69 | 8,14 | -7,30 | 34,07 |
| ROS (3 years mean) | 28 | 12,31 | 9,59 | 10,33 | -3,29 | 33,59 |
| <i>GMOS 2008 (%)</i> | 28 | 41,82 | 14,24 | 39,96 | 20,04 | 74,02 |
| GMOS (3 years mean) | 28 | 41,44 | 15,00 | 38,93 | 16,84 | 74,42 |
| <i>ROE 2008 (%)</i> | 28 | 8,35 | 12,24 | 10,99 | -22,17 | 35,17 |
| ROE (3 years mean) | 28 | 11,14 | 8,47 | 11,51 | -1,98 | 28,85 |
| <i>CT 2008</i> | 28 | 1,93 | 1,44 | 1,38 | 0,28 | 6,02 |
| CT (3 years mean) | 28 | 2,07 | 1,46 | 1,52 | 0,29 | 5,78 |

Note: TOT N = 56

In particular, the medium-sized enterprises recorded a three-year average ROI of 14.79%, or +5.55% in relation to listed companies. In contrast, the large listed companies recorded an ROI of 19.27%, up more than 11% compared to the size-class Italian. In terms of overall profitability (ROE) instead is that large international averages were higher (2.04% versus 1.68% for medium, 11.14% against 6.13% for large). This can be partly explained by the fiscal policies adopted by many Italian companies, which tend to compress as much as possible the overall profitability of the company in order not to complicate the management of corporate tax.

This first result seems to emerge is that business models with open capital stock are not necessarily the most efficient compared to national companies which are not present in the stock markets. Globalization therefore appears not to penalize companies in terms of profitability of the national wine sector, while still critical in terms of market share. This could also confirm the specificity of medium-sized Italian companies that can take a leadership role in this sector, although they have a small size in opposite to the wider international framework (Varaldo et al. 2009).

To explore the theme of the opening of venture capital and its relation to the company's performance, we have also calculated the Pearson correlation between the variable ROI and the Equity to Total Liabilities ratio, so that we can investigate whether there was any linear relationship between weight equity and performance.

Table 8 – Equity to Total Liabilities ratio (%): Italy Vs Rest of the World

| | 2008 | 3 years mean | 2008 | 3 years mean |
|-------------------------------|-------|------------------------|-----------------------------------|--------------|
| Whole sample | | Italy (N = 139) | Rest of the World (N = 56) | |
| Mean | 33,27 | 31,25 | 47,78 | 47,10 |
| St. Dev. | 19,92 | 19,39 | 18,73 | 19,01 |
| Median | 29,19 | 24,95 | 46,65 | 47,68 |
| Min | 2,14 | 1,63 | 3,14 | 5,83 |
| Max | 90,23 | 88,32 | 92,16 | 88,74 |
| Small (UE class.) | | Italy (N = 60) | Rest of the World (N = 9)* | |
| Mean | 32,59 | 30,66 | 53,85 | 48,61 |
| St. Dev. | 19,37 | 19,12 | 9,90 | 22,89 |
| Median | 28,94 | 26,81 | 58,46 | 58,78 |
| Min | 2,14 | 1,63 | 36,86 | -6,98 |
| Max | 85,47 | 88,32 | 65,11 | 70,22 |
| Medium (UE class.) | | Italy (N = 53) | Rest of the World (N = 18) | |
| Mean | 32,21 | 30,05 | 48,53 | 47,71 |
| St. Dev. | 19,92 | 19,29 | 21,86 | 21,77 |
| Median | 27,64 | 23,40 | 45,89 | 47,79 |
| Min | 3,40 | 4,47 | 3,14 | 5,83 |
| Max | 83,28 | 80,86 | 92,16 | 88,74 |
| Big (UE class.) | | Italy (N = 22) | Rest of the World (N = 28) | |
| Mean | 35,57 | 33,21 | 45,98 | 45,38 |
| St. Dev. | 19,54 | 19,20 | 18,90 | 19,15 |
| Median | 34,07 | 31,24 | 45,01 | 38,81 |
| Min | 10,82 | 9,17 | 15,76 | 13,73 |
| Max | 82,07 | 81,31 | 80,29 | 82,50 |
| Medium-Big (MB class.) | | Italy (N = 59) | Rest of the World (N = 41) | |
| Mean | 34,49 | 32,38 | 44,40 | 43,64 |
| St. Dev. | 21,10 | 20,38 | 18,87 | 18,95 |
| Median | 30,53 | 24,95 | 44,96 | 39,95 |
| Min | 3,40 | 4,47 | 3,14 | 5,83 |
| Max | 83,28 | 81,31 | 80,29 | 82,50 |
| Mean | 34,49 | 32,38 | 44,40 | 43,64 |

Note: One observation excluded because has revenues lower to 2 ml di €.

In table 8 we list the values of the Equity to Total Liabilities ratio¹⁰ for companies in the two samples investigated. As it was logical to expect the weight of equity is much higher for companies listed. Nevertheless, the correlation between this ratio and the operating performance was also statistically non-significant with very low values between 0.17 and 0.22, considering both the entire sample and each class size, and supporting the hypothesis that the opening of capital seems not to be a determining factor in increasing profitability of companies in the wine sector.

H2. The results for the second research hypothesis, or whether you can associate better performance with companies belonging to the Old or New World, are summarized in table 9.

Table 9 – Descriptive statistic: listed companies (Old/New World)

| New World | N | Mean | St. Dev. | Median | Min | Max |
|-----------------------------------|----------|----------------|-----------------|---------------|---------------|----------------|
| <i>Revenues 2008 (migl. of €)</i> | 31 | 221.914 | 632.802 | 36.310 | 1.051 | 3.509.944 |
| <i>ROI 2008 (%)</i> | 31 | 5,21 | 23,08 | 9,50 | -74,13 | 46,25 |
| ROI (3 years mean) | 31 | -0,59 | 36,84 | 9,40 | -138,77 | 43,66 |
| ROI 2008 (%)* | 28 | 9,83 | 15,43 | 10,25 | -24,85 | 46,25 |
| ROI (3 years mean)* | 28 | 9,62 | 16,48 | 10,82 | -38,36 | 43,66 |
| <i>ROS 2008 (%)</i> | 31 | 4,92 | 24,46 | 8,08 | -73,12 | 47,59 |
| ROS (3 years mean) | 31 | -0,24 | 32,70 | 7,95 | -89,21 | 47,92 |
| <i>GMOS 2008 (%)</i> | 31 | 42,84 | 20,44 | 40,06 | 7,67 | 100,00 |
| GMOS (3 years mean) | 31 | 42,41 | 21,28 | 38,21 | 16,84 | 100,00 |
| <i>ROE 2008 (%)</i> | 31 | 1,04 | 20,51 | 4,96 | -74,13 | 35,17 |
| ROE (3 years mean) | 31 | -3,28 | 28,90 | 7,33 | -93,37 | 27,75 |
| <i>CT 2008</i> | 31 | 1,22 | 0,94 | 0,89 | 0,21 | 4,73 |
| CT (3 years mean) | 31 | 1,41 | 1,27 | 0,90 | 0,20 | 5,46 |
| Old World | N | Mean | St. Dev. | Median | Min | Max |
| <i>Revenues 2008 (migl. Of €)</i> | 25 | 111.511 | 115.038 | 52.950 | 5.956 | 338.845 |
| <i>ROI 2008 (%)</i> | 25 | 6,40 | 13,11 | 6,21 | -34,02 | 28,85 |
| ROI (3 years mean) | 25 | 18,13 | 22,57 | 15,17 | -29,44 | 94,48 |
| <i>ROS 2008 (%)</i> | 25 | 8,57 | 13,05 | 6,48 | -16,64 | 30,52 |
| ROS (3 years mean) | 25 | 9,72 | 11,77 | 6,59 | -17,43 | 30,25 |
| <i>GMOS 2008 (%)</i> | 25 | 40,51 | 18,63 | 40,10 | 7,44 | 82,98 |
| GMOS (3 years mean) | 25 | 40,40 | 18,60 | 40,97 | 7,16 | 84,70 |
| <i>ROE 2008 (%)</i> | 25 | 3,69 | 12,94 | 4,15 | -26,00 | 22,77 |
| ROE (3 years mean) | 25 | 6,40 | 13,11 | 6,21 | -34,02 | 28,85 |
| <i>CT 2008</i> | 25 | 3,31 | 7,63 | 1,29 | 0,31 | 39,22 |
| CT (3 years mean) | 25 | 3,01 | 5,44 | 1,77 | 0,30 | 28,20 |

Note: * Without 3 outliers

As you can see, apart from the GMOS, all indicators are in favour of companies in the Old World. In particular, the ROI in the last three years is higher for these companies (9.72%) although in the sample of the New World, we exclude three low performer outliers. We

¹⁰ Recall that: Equity to Total Liabilities ratio = $1 / (t + 1)$ where t is the degree of leverage or the ratio between debt and equity. Under certain conditions, the degree of financial leverage is positively associated with overall company profitability (ROE). In our case the intention was rather to determine whether companies can rely on a greater stock of capital (typically listed companies) also performs better in operational terms (ROI).

underline that these firms' results are far away to be considered definitive and they are nowadays the object of the scientific debate (Banks and Overton, 2010)

H3. At last, in order to illustrate our third research hypothesis, (if experience in the wine industry might help to explain differences in performance between firms), we proceeded to subdivide the two samples of firms by the year of foundation in three distinct time bands (tables 10 and 11).

Table 10 – Descriptive statistic: Italian sample (year constitution groups)

| | N | Mean | St. Dev. | Median | Min | Max |
|-------------------------|-----------|-------------|-----------------|---------------|------------|------------|
| < 1965 | 30 | | | | | |
| Revenues (3 years mean) | 30 | 34.570 | 41.924 | 14.851 | 3.008 | 169.665 |
| ROI (3 years mean) | 30 | 4,53 | 4,76 | 4,45 | -4,00 | 23,07 |
| ROS (3 years mean) | 30 | 3,31 | 3,57 | 3,03 | -6,19 | 12,73 |
| GMOS (3 years mean) | 30 | 37,16 | 16,26 | 35,80 | 11,38 | 93,37 |
| ROE (3 years mean) | 30 | 1,99 | 7,74 | 2,16 | -27,13 | 16,90 |
| CT (3 years mean) | 30 | 1,61 | 1,47 | 1,34 | 0,40 | 7,82 |
| 1966 - 1985 | 74 | | | | | |
| Revenues (3 years mean) | 74 | 22.021 | 38.557 | 8.886 | 1.702 | 281.562 |
| ROI (3 years mean) | 74 | 11,17 | 43,41 | 4,88 | -10,57 | 374,10 |
| ROS (3 years mean) | 74 | 4,53 | 8,22 | 4,03 | -25,01 | 25,61 |
| GMOS (3 years mean) | 74 | 41,87 | 16,06 | 40,58 | 11,91 | 84,57 |
| ROE (3 years mean) | 74 | -0,60 | 15,98 | 1,02 | -88,57 | 24,83 |
| CT (3 years mean) | 74 | 2,37 | 9,88 | 1,00 | 0,10 | 85,89 |
| 1986 - 2008 | 35 | | | | | |
| Revenues (3 years mean) | 35 | 29.443 | 47.208 | 15.692 | 2.098 | 269.915 |
| ROI (3 years mean) | 35 | 11,34 | 11,20 | 7,95 | -1,25 | 49,35 |
| ROS (3 years mean) | 35 | 7,29 | 5,72 | 5,61 | -2,50 | 25,59 |
| GMOS (3 years mean) | 35 | 42,19 | 13,28 | 39,83 | 20,49 | 69,74 |
| ROE (3 years mean) | 35 | 8,87 | 11,03 | 5,01 | -10,25 | 41,14 |
| CT (3 years mean) | 35 | 1,63 | 1,41 | 1,24 | 0,39 | 7,50 |

Note: TOT N = 139

Table 11 – Descriptive statistic: listed sample (year constitution groups)

| | N | Mean | St. Dev. | Median | Min | Max |
|---------------------|-----------|-------------|-----------------|---------------|------------|------------|
| < 1965 | 34 | | | | | |
| Revenues 2008 | 34 | 233.026 | 598.896 | 63.127 | 2.830 | 3.509.944 |
| ROI (3 years mean) | 34 | 11,13 | 22,47 | 9,80 | -59,15 | 59,51 |
| ROS (3 years mean) | 34 | 3,12 | 24,52 | 5,85 | -89,21 | 31,63 |
| GMOS (3 years mean) | 34 | 39,30 | 17,22 | 37,43 | 7,16 | 84,70 |
| ROE (3 years mean) | 34 | 2,88 | 18,42 | 5,82 | -59,43 | 28,85 |
| CT (3 years mean) | 34 | 2,57 | 4,71 | 1,52 | 0,34 | 28,20 |
| | | | | | | |
| 1966 - 1985 | 9 | | | | | |
| Revenues 2008 | 9 | 138.480 | 180.237 | 42.620 | 1.051 | 513.763 |
| ROI (3 years mean) | 9 | 4,24 | 36,29 | 14,69 | -89,71 | 30,47 |
| ROS (3 years mean) | 9 | 4,99 | 35,49 | 13,36 | -86,32 | 30,25 |
| GMOS (3 years mean) | 9 | 45,81 | 26,01 | 42,89 | 16,69 | 91,51 |
| ROE (3 years mean) | 9 | -0,35 | 32,72 | 9,61 | -86,29 | 21,27 |
| CT (3 years mean) | 9 | 1,58 | 1,52 | 1,13 | 0,29 | 4,44 |
| | | | | | | |
| 1986 - 2008 | 13 | | | | | |
| Revenues 2008 | 13 | 38.300 | 53.337 | 15.443 | 2.214 | 166.850 |
| ROI (3 years mean) | 13 | -2,77 | 43,88 | 9,40 | -138,77 | 43,66 |
| ROS (3 years mean) | 13 | 6,49 | 23,71 | 8,82 | -37,86 | 47,92 |
| GMOS (3 years mean) | 13 | 44,32 | 22,93 | 40,80 | 17,45 | 100,00 |
| ROE (3 years mean) | 13 | -2,81 | 29,42 | 7,85 | -93,37 | 22,57 |
| CT (3 years mean) | 13 | 1,32 | 1,49 | 0,78 | 0,20 | 5,46 |

Note: TOT N = 56

In terms of ROI companies listed on Italian prevail if made before 1965 (11.13% vs. 4.53%). In both of the other two bands the Italian companies perform better (11.17% vs. 4.24% if made between 1966 and 1985, against 11.34% -2.77% if created after 1985). Such a result can be partly explained by the fact that older are the sample companies (listed companies) were able to make better use of accumulated knowledge, especially comparing to overseas markets. In contrast, the Italian companies, especially older ones, may have encountered friction at both the jam in the mechanism of replication and business generational transition, and difficulties in the implementation of internationalization strategies (Camison and Villar-Lopez, 2010). Further research should explore the theme of the effect is tying it to experience the typical problems of organization than to those of the internationalization strategies.

5. Conclusions, limitations and future research

The results of this initial exploratory research show that:

- the creation of venture capital does not seem sufficient to explain differential performance in the wine sector;
- globalization of markets does not seem to penalize in terms of operating profitability the medium-sized enterprises at national level in comparison with large global players;
- been a member of the Old World still seems a win factor for companies that belong to it;
- the effect of experience seems to play a crucial role for the largest and more globalized companies that have been operating in international markets for a long time;
- at the national level the analysis carried out with reference to the experience effect is that Italian companies present critical issues related to several factors.

The analysis shows how different business models, the national/global type of business and the longevity of the company were not in sufficient to explain performance differentials between firms surveyed. At the national level, the study seems to confirm that there are firm specific factors in describing the processes of enterprise development (Tunisini and Dalli, 2007, p. 24) and also at international level the differences in profitability does not appear to be determined simply by observed variables. Future insights should then consider other relevant firm-specific variables, in particular market variables such as branding strategies and modalities of internationalization.

Finally we'd like to underline that same managerial implications emerge. First of all we must consider the development of the business considering the new comers on the global wine scenario, e.g. the potential dimension of the Chinese market. How the biggest worldwide producer will face this new challenge? How they will develop their business model, and in order to do this, how they will finance the new strategies?.

The analysis presents further limitations. In particular, the Italian national sampling is faced with global and not with similar non-listed companies. This suggests the opportunity to conduct comparative analysis between singular countries considering different business models: listed vs. unlisted, non-family vs. family, etc..

Biography

Stefano Cordero di Montezemolo is part time professor of Business Economics and Administration at the University of Florence and he is also visiting professor at the University of Palermo and at the Edhec Business School. His primary scientific interests are in strategic finance, in financial analysis and business valuation, in business planning, in corporate governance. He is entitled of the teaching course in “Strategic finance for the wine business administration” at the Master in Wine Business Management at the University of Florence and the University of Palermo. He is author of several publications on the wine business economics and financial analysis.

Luca Devigili is PhD candidate in University “La Sapienza”, Rome. His prime research interests are on niche marketing, retailing, consumer behaviour and entrepreneurship. He collaborates with Full Professor Alberto Mattiacci and Full Professor Lorenzo Zanni in the University of Siena. He’s a member of the Siena Wine Group and of the Italian Society of Marketing (Simktg). He also works in the publishing industry in marketing and sales area.

Tommaso Pucci is PhD candidate in Economics and Management of Enterprises and Local Systems, (University of Florence). His prime research interests are on small business and entrepreneurship, economics and management of innovation, management and marketing of “Made in Italy” and he collaborates with Full Professor Lorenzo Zanni in the University of Siena. He’s a member of the Italian Society of Marketing (Simktg) and member of “Accademia Italiana di Economia Aziendale” (AIDEA – Giovani).

References

- [1] Ang, J.S., Chua, J.H. and McConnel, J.J. (1982), “The administrative costs of corporate bankruptcy: a note”, *Journal of Finance*, Vol. 37, pp.337-48.
- [2] Banks, G., Overton, J., (2010), “Old World, New World, Third World? Reconceptualising the Worlds of Wine”, *Journal of Wine Research*, Vol. 21 No.1 pp.57-75.
- [3] Camison, C., Villar-Lopez, A. (2010), “Effect of SMEs’ International Experience on Foreign Intensity and Economic Performance: The Mediating Role of Internationally Exploitable Assets and Competitive Strategy”, *Journal of Small Business Management*, Vol. 48 No.2 pp.116–151
- [4] Cariola, A., La Rocca, M., Monteforte, D. (2006), *Diversificazione e performance d’impresa*, Milano, Mc Graw – Hill.
- [5] Chirico, F. (2008), “Knowledge Accumulation in Family Firms”, *International Small Business Journal*, Vol. 26 No.4 pp.433-462
- [6] Cheng, M.T. (2009), “Relative Effects of Debt and Equity on Corporate Operating Performance: A Quantile Regression Study”, *International Journal of Management*, Vol. 26 No.1 pp.142-145.
- [7] Chung, K.H. (1993), “Asset characteristics and corporate debt policy: an empirical test”, *Journal of Business Finance and Accounting*, Vol. 20, pp. 83-98.
- [8] Coelho, A. M. and Rastoin, J.L. (2006), “Financial strategies of multinational firms in the world wine industry: an assessment”, *Agribusiness*, Vol. 22 No.3 pp. 417-429.
- [9] Fischer, E., Heinkel R., Zechner J. (1989), “Dynamic capital structure choice – theory and tests”, *Journal of Finance*, Vol. 44 pp.19-40.
- [10] Grinblatt, M. and Titman, S. (1998), *Financial Markets and Corporate Strategy*, international edition, McGraw-Hill, Boston, MA.
- [11] Hussain, M., Cholette, S., Castaldi, R.M. (2007), “An Analysis of Globalization Forces in the Wine Industry: Implications and Recommendations for Wineries”, *Journal of Global Marketing*, Vol.21 No.1 pp.33-47.
- [12] March, J.G. (1991), “Exploration and exploitation in organizational learning”, *Organization Science*, Vol. 2 No.1 pp.71-87.
- [13] Mattiacci, A., (2000) *Il marketing strategico dei business di nicchia*, Padova, CEDAM
- [14] Mc Given, C. (1968), “The dynamics of management succession”, *Management Decisions*, 1.

- [15] Modigliani, F., Miller, M. (1958), "The Cost of Capital, Corporate Finance, and the Theory of Investment", *American Economic Review*, Vol. 3 No.48 pp.261-297.
- [16] OIV (2010), "Note on the world situation", March 2010. Retrieved on line the 1th on November 2010.
- [17] Orth, U. R., Lockshin, L. and d'Hauteville, F. (2007), "The global wine business as a research field", *International Journal of Wine Business Research*, Vol. 19 No. 1, pp. 5-13.
- [18] Ozkan, A. (1996), "Corporate bankruptcies, liquidation costs and the role of banks", *The Manchester School*, Vol. 64, pp. 104-19.
- [19] Pettit, R. and Singer, R. (1985), "Small business finance: a research agenda", *Financial Management*, Vol. 14 No. 3, Autumn, pp. 47-60.
- [20] Rajan, R.G. and Zingales, L. (1995), "What do we know about capital structure? Some evidence from international data", *The Journal of Finance*, Vol. 50 No. 5, pp. 1421-60.
- [21] Saulpic, O. and Tanguy, H. (2002), "Influences de la structure financière sur les choix stratégiques: études de cas dans l'industrie du vin", *Cahier 2002-05*, INRA-LORIA.
- [22] Titman, S. and Wessels, R. (1988), "The determinants of capital structure choice", *The Journal of Finance*, Vol. 43, pp. 1-19.
- [23] Tunisini, A., and Dalli, D. (2007), "Processi e competenze di marketing delle medie imprese italiane: opportunità e limiti per la crescita", *Mercati e competitività*, Vol. 2 pp. 13-27.
- [24] Ufficio Studi MedioBanca (2010), *Wine industry survey*, march 2010. Milano.
- [25] Varaldo R., Dalli D., Resciniti R., and Tunisini A., (ed.s) (2009), *Un tesoro emergente. Le medie imprese italiane dell'era globale*, Milano, FrancoAngeli.
- [26] Viviani, J.L. (2008), "Capital structure determinants: an empirical study of French companies in the wine industry", *International Journal of Wine Business Research*, Vol. 20 No. 2, pp.171-194.
- [27] Vrontis, D., Thrassou, A., and Lamprianou I. (2009), "International marketing adaptation versus standardization of multinational companies", *International Marketing Review*, Vol. 26 No.4/5 pp.477-500.
- [28] Warner, J.B. (1977), "Bankruptcy costs: some evidence", *The Journal of Finance*, Vol. 32, pp. 337-47.
- [29] Wu, W.-Y., Lin, C.-Y. (2010), Experience, environment, and subsidiary performance in high-tech MNEs, *Journal of Business Research*, Vol. 63 pp.1301–1309.

[30] Zanni, L. (ed.) (2004), *Leading firms and wine clusters. Understanding the evolution of the Tuscan wine business through an international comparative analysis*, Milano, FrancoAngeli