Changing Geographical Indications of Prosecco: Chances, Risks or Threats?
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Recently, Prosecco wine industry has dramatically increased. Wine producers were able to exploit successfully opportunities coming from both the supply 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. Indeed, a lack in regulations on production, especially on the management of geographical denominations of origin (DOs), and the CMO wine reform are endangering not only the market settlement but also the value of Prosecco terroir. While the consistency of DOC producers have reinforced the value of Prosecco terroir over time, the strategic behaviour of competitors out the traditional production area, may lead to the tragedy of the Prosecco as collective brand.

In July 2009, the DOs have been strongly reformed: i) the Prosecco area has been unambiguously defined by introducing a new DOC while the previous one has been replaced by the DOCG; ii) the name Prosecco has also been restricted to wine coming from that area only.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 but there a dangerous threats 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. The existence of a club, in the Conegliano Valdobbiadene historic production area, is analyzed through a NPC model (Corain and Salmaso, 2004) following the SCP approach (Caves, 1992; Carlton and Perloff, 2005) while effects of introducing the new DOC have been forecasted. To be conservative, the second hypothesis has been evaluated assuming that Prosecco entrants behaves as existing ones. Results of NCP analysis confirm the significance of the Club 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. This requires a conversion of overall historic producers from DOC to DOCG more restricted wine production and while the control over DOC producers should be strongly enforced.

Keywords: Prosecco, denomination of origin, non parametric model, club goods, tragedy of commons.