

The Umbra Institute
BUFS 380 — The Business of Food: Italy and Beyond
Course Syllabus
Spring 2013 — The Umbra Institute

Instructors: Zachary Nowak and Dario Parenti

Credits: 3

Prerequisite: None

Lab/Site-visits fee: TBA

Class Hours: Tuesday 5:15-8:30pm

Classroom: Bartolo 2

Course Description

This course provides an introduction to the food industry in Italy and beyond using wine as the primary commodity investigated. Students will be introduced to the major foreign environmental forces including financial, economic and socio-economic, physical, socio-cultural, political, legal, labor, competitive, and distributive forces. Of particular importance to our course is the complexity not only of the actual point of production (e.g. wine producers large and small) but also the distribution chains. In addition to classroom lectures, case studies, and discussions, we will have a field trips to a local producer. An important part of the course is also putting our theory into practice and completing a service learning project, a consultation for a local winery.

Course Objectives

The following goals have been set for your learning experience:

- Understand the variety, growth and future expansion of all the parts of the product chain in the modern wine industry (production, distribution, and consumption);
- Increased awareness of the differences between Italian and North American food environment and business practices;
- Understand the various strategies that international food corporations use when exporting to or entering foreign markets;
- Understand how political and cultural factors shape business decisions for wine consumption in Italy;
- Understand the concepts of free trade and governmental regulations and its impact on the wine sectors.
- Understand the winemaking process and its idiosyncrasy with the global wine market dynamics
- Understand the wine market scenario in its global characteristic and in its
- Develop a realistic wine marketing strategy aimed to create a solid, modern and functional export trade for an Italian winery
- Create and present a valid business plan and marketing option for the Montevibiano winery

Approach

This class is taught through in-class and guest lectures, case studies, class discussions, a service

learning project (“Progetto Montevibiano”) and class participation. All required readings listed in the course schedule below are contained in the *course reader*. As the subjects covered by the required reading and the work done in the classroom are complementary, it is imperative that students attend *every* lesson and complete *all* the recommended readings.

Mode of assessment

Students will be assessed on the basis of:

1. Class attendance and participation (total 25%)
2. Group presentation on case studies (10%)
3. Mid-term exam (25%)
4. Group participation in the “Progetto Montevibiano” Project (20%)
5. Final Exam (20%)

Grades will be based on the following scheme, in turn based on corporate “grading”:

A = outstanding and should fast-track.

B = above average and can grow in the company.

C = just like the others and can continue working for us.

D = not cutting it, put on warning.

F = let's help him or her write a new resume as they need to work in another company.

Grading

Grading will be done on a percentage basis:

Letter Grade Range	Numerical Score Equivalent	Student Performance
A	93% - 100%	Exceptional
A-	90% - 92%	Excellent
B+	87% - 89%	Superior
B	83% - 86%	
B-	80 - 82%	
C+	77%-79%	Satisfactory
C	73% - 76%	
C-	70% - 72%	
D+	67% - 69%	Unsatisfactory
D	63% - 66%	
D-	60% - 62%	
F	59 % or less	Fail (no credit)

Class Attendance & Participation:

Class Attendance is mandatory. For spirited discussion, we will need your active attention and

participation. Attendance (together with class participation and possible quizzes) will count for 25% of the final grade. The absence policy is that of the Institute: after two absences your final grade is automatically lowered by one notch. No absences are “excused” in that you are responsible for all material covered during missed class days. It also the policy of the Institute that any student who has eight or more absences automatically fails the class—no exceptions. The various field trips that are an integral part of this class are not an exception to this rule: they will have assigned reading and possibly written assignments just like in-school class periods.

When determining your class participation grade, traditional criteria such as material preparation, completed reading before class, and collaborative group work are all evaluated. But it is the active, meaningful and informed verbal and written contribution that you make that is most important to your overall participation grade. Whereas attendance and punctuality are expected and will not count positively towards the grade, laxity in these areas will have a negative effect on your grade. Class participation grades are not automatic. Students who are by nature more reluctant to offer their input will not be penalized; they will have the opportunity to comment on my weekly emails or send me articles they have found on their own about issues brought up in the class, thus showing active and engaged participation. Students who have special learning needs are invited to discuss this with Zach or Dario (or Julie Falk) beforehand in order to schedule extra time for exams or to accommodate other requests.

Group presentations on Case Studies:

An integral part of this course is the examination of wineries, their problems, and have they endeavored to correct them. You will break up in small groups to analyze these case studies and prepare a group presentation on them to the rest of the class, suggesting other possible solutions to the problems in the case study, as well as providing answers to other questions specific to your group. I grade on a ten-point basis: 0-5 shows a poor understanding of the problem, lackluster solutions to it, and mediocre presentation. 6-8 shows a good understanding of the problem, a sufficient business solution to it, and good presentation. 9-10 is reserved for those groups which demonstrate an excellent understanding of the problem, one or more original solutions to it, excellent presentation skills, and, in addition, incorporation of lecture material or out-of-class readings.

Mid-Term Exam:

An exam covering all topics presented in the first half of the course. It will consist of short answer and essay questions. The exam will take approximately 90 minutes to complete and is closed book/closed note.

Course Field Studies Project: “Progetto Montevibiano”

This is the capstone project for the course, and is intended to give you the opportunity to use what you’ve learned about the business of food, and the business of food in Italy, to a practical problem:

Concept

The project will be based on last semester’s service learning project, which was a consultation to create the concept for a new product for the American market. While we have eliminated some of the variables in this exercise for simplicity’s, each group still has a formidable task: you must add detail to how this product could be launched in the American market, overcoming the formidable

barriers to new entrants in that market. Thinking about this goal, you must ponder and make decisions, based on the basic marketing “4 P” (product, price, placement, promotion), about a series of questions: kind of product, its selling points, its potential pricing competition, and communication strategies. Your community partner will be the management of the Montevibiano Winery, who will help you understand their products and their potential advantages during a visit to the winery.

I expect the following to be part of each group’s final report:

- a written report which has an executive summary SWOT analysis as well as sections on: concept (product), existing competition, strategies for communication (trade fairs, social media, search engine optimization) and a budget for them (business plan).
- an attractive Powerpoint for the final presentation to Montevibiano’s CEO.

Assessment

Each student will receive both a personal grade and a group grade; the former will depend on an individual assessment, while the latter will be the score I give the student’s group. As far as the group assessments, I will assign each of the two groups a certain grade based on the success (or lack thereof) of the project. I will judge the success not only by my observation, but from feedback from Montevibiano’s CEO. Your individual grade on the other hand will come from your peers, who will rate your contribution to the group. There is much to be done to make a successful project—the creation of a novel concept, finding potential competitors, requesting trade magazines’ rates for advertisements, planning an online campaign that gets the most bang for the least buck—and each student should be aware that while I may not be able to directly observe their contribution, their peers will. This is a group project and it’s important that everyone does their share of the work.

Final-Term Exam:

An exam covering all topics presented in the second half of the course. It will consist of short answer and essay questions. The exam will take approximately 90 minutes to complete and is closed book/closed note.

Office Hours

Our policy is to be available for student questions; Zach is at the Institute five days a week. Special appointments may be scheduled directly with him. He does not Facebook, or blog, or tweet, and in any event prefers face-to-face communication, although he can be reached via email (znowak@umbra.org). To reach Dario Parenti: d.parenti@leuve.com Keep in mind that we do not always check email multiple times a day, and weekend checking is not regular.

Textbook

There are no required texts; all readings will be in the course reader. Additional reading assignments, both optional and required, may be made available by the instructors. We reserve the right to add/subtract readings, though always with due warning.

WEEK 1—Jan 15

First Half: **1-Introduction to the Course** (NOWAK)

Lecture Themes: In this first class we will discuss both the class' format and structure, as well as introducing the practicum that the course builds to, the consulting exercise "Progetto Montevibiano."

Second Half: **2-Wine Industry Product Chain** (NOWAK)

Lecture Themes: In this lecture we will first discuss wine industry. By creating (first in small groups, then all together) a detailed product chain we'll begin to understand that wine is not simply one industry but rather an enormous web of industries that are interconnected in often surprising ways.

WEEK 2—Jan 22 and Jan 25

First Half: **3- Free Trade vs. Protectionism** (NOWAK)

Lecture Themes: To what extent are markets "free," and to what extent should they be so? Are protected denominations of origin (PDO) brands like "Chianti Classico" interferences in free trade, insofar as they are essentially legalized monopolies? We will discuss some of these questions on a macro and micro scale.

Required Readings: Chang 40-64

Second Half: **4- Terroir and the Marketing of Europe's PDO Food Products** (NOWAK)

Lecture Themes: What is "terroir" and what is its importance for the production and sale of food products in the EU common market and abroad? We will discuss "Italian-sounding" problem, as well as the relationship between place and taste. Our group work today will be a start to start defining the philosophy of the product for Montevibiano.

Required Readings: Nowak 92-108; Pollan 136-139; Inkpen 1-17

Jan 25 (Fri): **Visit to Montevibiano** (NOWAK)

Field Trip Learning Goals: We will travel to visit Montevibiano, a winery with an avant-guard product and marketing concept. Montevibiano's CEO, Lorenzo Bologna Fasola, will invite the students to continue a service learning project (begun last semester) on marketing Montevibiano's eco-wine in the US.

WEEK 3—Jan 29

First Half: **5- Intro to the Italian Wine Industry: Product** (PARENTI)

Lecture Themes: We will use this class to look at the four P's of wine, then focus on the first P, Product.

Required Readings: Gray 12-15; Hall-Mitchell 83-111

Second Half: **6- "Product" Exercise** (PARENTI)

Lecture Themes: For this half of the lecture, we'll break into three small groups. Given what we

learned in the first part of the lecture, each group will “make” a hypothetical set of wines (an offer of at least 3 wines for each winery) for three different types of vineyards (small, premium, and industrial). We will then discuss the different concepts and how they fulfil each vineyard’s category goals.

WEEK 4—Feb 5

First Half: **7- How much does a wine bottle cost and sell for: Price** (PARENTI)

Lecture Themes: Given a specific wine’s style, quality, packaging, the producer faces different costs. But the cost must be functional to the “ex cellar” (FOB) price, which varies in consequence of many variables.

Required Readings: Brostrom 3-5; 55-58; 145-147

Second Half: **8- “Price” Exercise** (PARENTI)

Lecture Themes: We will again break up in small groups and look at cost data from our three levels of vineyards. Given this data, each group will come up with a price list for their products.

WEEK 5— Feb 12

First Half: **9- Marketing and Communication Online** (RENNA)

Lecture Themes: Mauro Renna will talk to us about the importance of website optimization and discuss the results of an internship last year that two Umbra students did with Lungarotti Wineries.

Second Half: **10- Progetto Montevibiano—Intro** (NOWAK)

Lecture Themes: During this class period we will discuss the service learning project, begun last Fall, that we will continue this semester. This marks the beginning of our final project.

WEEK 6— Feb 19

First Hour: **12- MID-TERM EXAM**

FEBRUARY 22 - MARCH 3: SEMESTER BREAK – NO CLASSES

WEEK 7—Mar 5

First Half: **14- How does a wine get from Italy to the US: Placement** (PARENTI)

Lecture Themes: What are the costs that determine the final price of a bottle of wine in a store, and how do they differ in export markets like the US? This lecture will also explore the various factors that affect the final price.

Required readings: Gray 73-84; Brostrom 80-83, 134-136, 238-241; Hall-Mitchell 143-159

Second Half: **15- “Placement” Exercise** (PARENTI)

Lecture Themes: you, importer, bring wines to the US and get them on the market in the best way possible considering volumes traded, wineries in your portfolio, and your initial budget.

Required Readings:

WEEK 8— Mar 12

First Half: **16- Letting know the market your wine exists (and it’s worth buying): Promotion** (PARENTI)

Lecture Themes: This lecture will focus on how, where and when you can promote your wines.

Required Readings: Gray 37-58, 159-169; Hall-Mitchell 207-224

Second Half: **17-“Promotion” Exercise** (PARENTI)

Lecture Themes: Given different budgets (and/or philosophies), groups could develop a promotional plan and strategy for the wineries.

WEEK 9— Mar 19

First Half: **18- Montevibiano Review** (NOWAK)

Lecture Themes: Today’s class will be an intensive review of the variables in wine cost.

Second Half: **19- Montevibiano Exercise Session** (NOWAK)

Lecture Themes: Each group will have the opportunity to work further on their final report.

WEEK 10— Mar 26 (NOWAK)

First Half: **20- Montevibiano Vision**

We will adapt what we’ve learned on the 4 fundamental aspects (the Ps) of the wine marketing to the Montevibiano winery.

Lecture Themes:

Second Half: **21- Montevibiano exercise** (NOWAK)

Groups will work together, given the specific characteristics and goals of their team, and complete the business plan and presentation of their Montavibiano project.

Lecture Themes:

WEEK 11— Apr 2

22 & 24- Montevibiano Presentations (PARENTI & NOWAK)

Today’s class time will be devoted to a formal presentation to Montevibiano’s mangagement team, followed by question and answer, and brainstorming about the next steps.

WEEK 12— Apr 9 (NOWAK)

First Half: **24- Film—“Our Daily Bread”**

WEEK 13

Apr 15-18 (Mon-Thu): **Art Show, Special Academic Events and Farewell Festa**

WEEK 14

Apr 22-24 (Mon-Thu): **Final Exams**

Bibliography for the Course

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- Gray, Deborah. *How to Import Wine: An Insider’s Guide*. Wine Appreciation Guild, 2011.
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- D’Emilio, F. “Mom and Pop Stores Close,” *Los Angeles Times*. 16 February 2003.
- Kim, W. Chan and Renée Mauborgne. *Blue Ocean Strategy: How To Create Uncontested Market Space and Make the Competition Irrelevant*. Harvard Business School Press: Boston, 2005.
- Pellecchia, Thomas. *Wine: The 8,000-Year-Old Story of the Wine Trade*. Running Press: Philadelphia, 2006.
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