

## Selling Grapes in 2003

Back in industry, we used to have a facetious saying when things didn't quite get developed on time: "The sweetness of good performance lingers long after the bitter taste of late delivery is forgotten." And so it is with predictions—not that this one brings a sweet taste to anyone. The long-predicted grape glut has hit in earnest, and it has serious consequences for growers and processors alike. Chardonnay from Napa Valley that brought over \$2,000 per ton only last year went begging at \$500 this September, and so did merlot, cabernet sauvignon, syrah, and worst of all, old-vine zinfandel from Amador County! Gallo, the 800-pound gorilla of the industry, declared that no grapes would be purchased that were not under contract, and the central-valley bulk wine grapes that *were* contracted would bring the whopping return to the grower of \$65 a ton. Other growers with premium grapes under contract got phone calls saying "Remember the \$800 per ton price in the contract? Well, it'll only be \$250 this year, but we'll release you from the contract with our blessing if you can do better with someone else."

### Got Grapes?

And it could have been worse. While we had a bumper crop here in the foothills, many of the other premium growing areas had fewer tons per acre than last year, which may reduce the price damage from what it might have been. During harvest, grower after grower called the winery each week, hoping that, by some miracle, we needed a few more tons of their unsold grapes. If you failed to heed the sage advice (provided with such foresight in this column over *several* years) about the impending surplus, and you followed the crowd to plant grapes on your property, because, gosh—all your neighbors had planted grapes and were going to get rich in just a few years....here's this year's advice about how to survive the glut.

We've already advised that there is almost no secondary market for wine grapes. When there are too many of them, you really can't sell them for table grapes in the supermarket ("Mommy! These grapes have little bones in them!") or make jelly, or even sell them to make premium grape concentrate—there are too many tons of really cheap grapes vying for that market. Hopefully, after digesting the previous column about just how long it takes to get the investment back on your own winery, you are sensible enough not to try *that* approach.

### Too Much of a Good Thing

As we noted (was it just a year ago?), a surplus of grapes seems somehow to coincide with a slowdown in the economy. In addition to the several hundred new wineries that have popped onto the California scene over the past few years, virtually every established winery has just completed the major expansion they began a couple of years ago to take part in the wine boom, just in time for it to disappear. The suddenness of the drop in wine demand surprised many people, but it has been building for some time. Some wineries who had long-term relationships with growers bought extra grapes last year, out of sheer loyalty but against their better judgment. They were all hoping sales might increase to

pick up the slack, but they haven't yet. As a result, they just can't afford to overbuy two years in a row, and many have already begun to cut back.

### **Home Spun**

One source of sales that some have turned to in these times is home winemakers, and if you want to try, it would be a good idea to contact winemaking clubs and put some effort into advertising the availability of your grapes at good prices. Orchards have developed a pretty good market in "pick your own" fruit, and a sign on the fence alerting amateurs that they can pick their own grapes for their own wine might be worth a try. You can't sell hundreds of tons, and it's more trouble to sell these small lots, but still better than not selling at all.

### **Grape Survivors**

So, now that you spent your 401(k) nest egg to bring those acres of grapes into bearing and you realize that wineries are buying a lot fewer tons for a lot less money, how can you minimize the disaster that is about to befall you? We mentioned the obvious last year—big smiles and warm handshakes (more directly put: don't let your alligator behind override your mockingbird mouth), but there are a few strategies that go beyond the obvious ones of courtesy and good service. One of the most important principles in times of surplus is quality—the grapes that sell (beyond those for which a good contract exists with a solid winery) will be those that are better than their neighbors'. Whatever you can do to make winery owners want your grapes is a good investment, compared to not picking them. Above all else, make sure there is no chance of overcropping your vines—if you have to err, do it on the side of a smaller, more concentrated crop. Everyone knows that smaller yields, everything else being equal, generally produce better wine, so your three-ton-per-acre crop will be easier to find a home for than the guy who decided to double his production to make up for lower prices next year. And while it's true that some winery owners are ruthless and will try to beat you into the ground on price, most are reasonable and try to keep a good relationship with growers. Those who have been around for previous cycles also know that, when the worm turns in a few years, they'll be out again searching for good grapes. Be reasonable. Don't try to hold out for the prices of the glory days, but try to work with your buyer to strike a reasonable bargain. If you run into a brick wall, don't give the grapes away, but try some other buyers first.

### **Time is of the Essence**

Don't wait until next September to find that a) the winery that bought them last year doesn't want them now, and b) it's too late to find another place for them. Start early. Talk to the owners, find out what would make each of them want to buy your grapes, then follow their advice and keep in touch. After all, it's harder to say "no, thanks" to someone who has maintained cordial contact over the year than to someone who shows up at harvest time for his first visit. Also, when you get a buyer, pick early in the morning! Every winery wants the grapes as early in the day as they can get them, and owners don't think kind thoughts or do much repeat business when very warm grapes

show up late in the afternoon. Cool fruit is more than just desirable—with more and more fermentations taking place in plastic bins instead of temperature-controlled tanks, having the fruit arrive cool is a very important quality factor for the wine.

### **Other Hints**

Since everyone appreciates the little things, try to promise and then deliver on the subtleties that so often go overlooked during the good times. Make sure that the bins are properly filled with really first-class fruit. Pay a little more, or take a little extra time to completely eliminate under ripe or substandard fruit, and for heaven's sake, keep those leaves out of the grape containers. When you have more grapes than you can easily sell, make sure you don't put that pale-red second crop in with the nice, ripe first crop (instead, make it the "angels' share" that gets left on the vine). If you haven't provided delivery in the past, consider picking up a good used truck to drop off the grapes at the winery, or make arrangements with one of the people in the area with a truck who can haul grapes for you. It's not free, but it might help get your crop sold.

### **If Push Comes to Shove**

Buoyed with the success of a long-term prediction finally coming true, I'll make another one: wineries will continue slow their purchases of grapes from the record levels of a few years ago (after all, it was just that demand that drove prices up and put vines in every other El Dorado County front yard). In all likelihood they will, as President Lyndon Johnson is reported to have revealed about his plans to deal with the overseas unpleasantness of the late '60s, "hunker down like a jackass in a hailstorm." Given all that's happened in such a short time, you might need to reconsider whether grapes are still the crop you should be betting your future on. Whatever else develops, remember to keep the vines pruned, and if you find yourself unable to sell your grapes, it's still advisable to drop them to the ground rather than letting them dangle on the vine over the winter—there's too much of a risk of damage or disease if you do. And with all the gloom and doom, there's still another business opportunity created by this situation: if it gets any worse, you can buy a bulldozer and hire out to push your neighbors' vines into a cozy, warming bonfire this winter!