

## **Tillers to Swillers—Marketing the Unknown Winery**

**(Number 41 in a series of highly opinionated articles about grapes and wine in El Dorado County)**

The previous article dealt with the idea (however controversial or desirable) of a grapegrower deciding to convert the grapes he couldn't sell into wine facing an equally tough competitive challenge. We'll continue by discussing ways of getting new wines into the hands of the buying public that don't involve massive advertising campaigns or door-to-door sales. (A serious note here: I spent my pre-winery career exclusively in Research & Development departments, poking fun at marketing people and the way they went about the business of making customers aware of an unfelt need. All the time I was doing it, however, I *was* paying attention, because they knew an awful lot of things I had no experience with. I still have only limited experience, and no professional qualifications in this area, so if you try these suggestions and they don't work, please forget where you read them.)

### **No Tasting Room at the Inn?**

If you're a small winery, and decide you don't want a tasting room (or you're not permitted by law to have one at the winery), there's always the possibility of having a remote tasting room or joining with others in a similar situation to form a joint tasting room. In most counties, the activity has to be carried out on commercially-zoned property, not that there's an excess of that around here, and you may tire of hauling wine back and forth from the winery, but it provides a means for sales of the wines at retail. One downside of a remote tasting room is that there is generally no owner present, and the person staffing the room may not share the enthusiasm or knowledge that tasters have come to expect to find in winery tasting rooms around here. The absence of true winery ambience (no vines around the door, no barrels slumbering peacefully in the cellar) also may make visitors less enthusiastic about stopping in for a taste. Another important issue is working out a cooperative relationship that won't end in disaster when one partner's fortunes or goals change. There are joint tasting rooms nearby (in Sutter Creek and Camino), and you should talk to the people who have tried it before you dive in.

### **The Fundamentals**

Without a tasting room, there are only a few ways to market wine. Basically, you can "go it alone" and sell the wine yourself—if you have good sales skills and some knowledge of the market. Selling wine in today's market is not an easy task, requiring immense amounts of time, persistence, and the ability to deal with a lot of rejection. Many of us chose farming because it was better suited to our personalities, and would have to think carefully before striking out in a sales career later in life.

If you decide not to do it yourself (usually a good decision), there are two other alternatives for placing your wines in retail outlets. The first would be to use a distributor,

who actually buys the wine from you (at about 50% of the retail price), then sells it to the stores and restaurants through a staff of salespeople. There is considerable hazard here, because they also find it difficult to place new, unknown wines, and often decide to spend valuable sales calls selling the large, well-known brands. Of course, if you managed to create a wine with wide appeal and mystique (like the Screaming Eagle winery that makes 400 cases per year of wine selling for over \$100 per bottle), they would love to buy your wine! If you managed that, however, you could create a private mailing list and sell it all at full retail prices, so you'd be foolish to sell it to a distributor for half.

The third approach, and often the best for the up and coming winery, is to sell your wine through a broker. Unlike distributors, brokers never take ownership of your wine, but travel around, providing tastes and glowing descriptions for shops and *restaurateurs*. then taking orders which you fill from your winery or warehouse. They operate on a fixed percentage commission (selling the wine for something like two-thirds of the retail price), and some deliver the wine as well as take the orders. There are brokers who specialize in small wineries, but even there the competition to place wine is fierce, and wine that is not of consistently high quality will find few placements. Just remember that between the discount, delivery charges and commission, once again you'll be unlikely to receive more than about half the retail price of the wine.

### **Channeling**

We touched last time on going to tastings to pour your wine for free in exchange for the exposure (one thing many people entering the business don't realize is that up to 15% of a new winery's wine leaves the premises at no cost—either poured for free or donated outright). However, tastings can't do much more than expose people to the product, because except in rare circumstances, it's not legal to sell wine at these events. If you have friends in the restaurant business, by all means lean on them to get your wine on the list, since it accomplishes both objectives of exposure and sales. You should know, though, that restaurant owners see a large number of salespeople every day, are extremely busy with their own responsibilities, and are unlikely to be generous to someone they don't know pushing a wine they've never heard of. If you're selling through distributors or brokers, they have the advantage that they represent known brands as well as the newbies, and can get a foot in the door that might be closed to you as a salesperson representing only the unknown.

Large chain package stores, drug stores and supermarkets, where the bulk of wine is sold at retail today, pose even more of a challenge. If you ever succeed in getting a small piece of their precious shelf space, you must be able to maintain it 365 days a year. If you run out of the wine they are selling, even for a week, the vacuum will be instantly filled by one of more than 1800 other wineries vying for the same space. In general, even larger wineries find this the toughest channel to penetrate, and it's usually the last method they adopt. What makes it even more difficult is that many supermarkets purchase wine through a central office or individual, where decisions are made with bare-knuckle toughness based on price and quantity discounts. The central buyer deals with hundreds

of competing wineries, and may acquire the reputation of being a “wine nazi” because he has no time for the smaller players.

## **Cyber-Wine**

The internet is an appealing alternative to conventional retail distribution systems, but it brings its own challenges. In order to sell in cyberspace, you will need not only a website, but also a secure ordering system on the site that can process credit cards and put the money in your bank account. Hopefully, you have a friend or relative with experience in the field (after the dot-com collapse, a lot of people are referring to their chosen occupation as “waiter/actor/webmaster”) who can help you set up the site. If you have to have the work done at full price, people find that \$5,000 is a frequent starting figure to establish a secure site, and you’ll also have to pay a monthly fee for the provider who hosts the site, as well as one for the person who maintains it (puts the new wines on, takes the old ones off, posts announcements of sales and special events, etc.). Remember, you’ll be carrying out credit card transactions, which is very valuable to the identity thieves that prowl the internet looking for poorly guarded information, so you have to take great pains to make sure the information processing is secure.

The best way to learn what you want in a website is to steal ideas from people who have already done it! Since the internet is public, you can roam all over cyberspace, collecting ideas and approaches, and then combine the best of what you find for your own operation. Some people go overboard, with descriptions of each award won by each wine, the importance of the competition, and the glory of the wine (the web-based equivalent of the “I Love Me” wall in the tasting room, festooned with ribbons and medals won during the Carter administration). Look at as many sites as you can, and try to strike a balance between self-aggrandizement and starkness.

## **Down On the Farm**

A little-known fact is that in California, there are provisions that allow the sale of wines at a farmer’s market, with a permit that only costs \$40.00 (Section 23399.4 of the Alcoholic Beverage Control Act—my emphasis added):

“A licensee under a winegrower's license may apply to the department for a certified farmers' market sales permit. A certified farmers' market sales permit shall authorize the licensee, a member of the licensee's family, or an employee of the licensee to sell wine produced and bottled by the winegrower entirely from grapes grown by the winegrower at a certified farmers' market at any place in the state approved by the department. The permit may be issued for up to 12 months but shall not be valid for more than one day a week at any single specified certified farmers' market location.”

You can’t do winetasting at the farmer’s market (and you can only sell 5,000 gallons of wine there each year, *darn!*) but you might find willing buyers who appreciate the fact

that the wine was made by the hardworking hands of a genuine farmer. And if all else fails, while you're at the market you could trade your wine for produce, so two farm families can eat *and* be happy.