



Grape and Wine Marketing

How we do those in Sonoma County?

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www.sonomawinegrape.org

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I finally remembered—red with hunter, white with fisherman.

Marketing Challenges in CA

- Competition – now over 5000 US wineries
 - Over 2000 wineries in California
- Imports – now nearly 30% of US sales
- US consumers have limited consumption
 - Approaching 3 gallons/adult/yr – a new record!
- Consolidation at every level
 - Harder for small players to compete
- Other alcoholic beverages are competitors

CA Responses to Market Challenges

- Recognition that marketing must increase to compete
 - CA Wine Institute initiated marketing committee
 - CA Winegrape Growers Association launched a marketing program
- California First!
 - Then region, American Viticulture Area, & vineyard
 - Finally brand and product

Regional Marketing

- Initially vintner groups
 - Promote wines from the region
- Then many grower and vintner groups
- Including mandatory assessments
 - Grape Commissions
 - Grower and Vintner Commissions

Keys to Regional Marketing

- Build the market for the region's wines
 - Rising tides lift all ships
- What makes your region unique/distinct
 - Not better than, but different from
 - **The goal is to grow the market!**

Grape & Wine Marketing

- Consumer products
- Must be demand driven, not production driven
- Niche products
 - The higher the price point, the smaller the niche
 - 20% of wines sell for over \$10/bottle

Marketing by Independent Growers

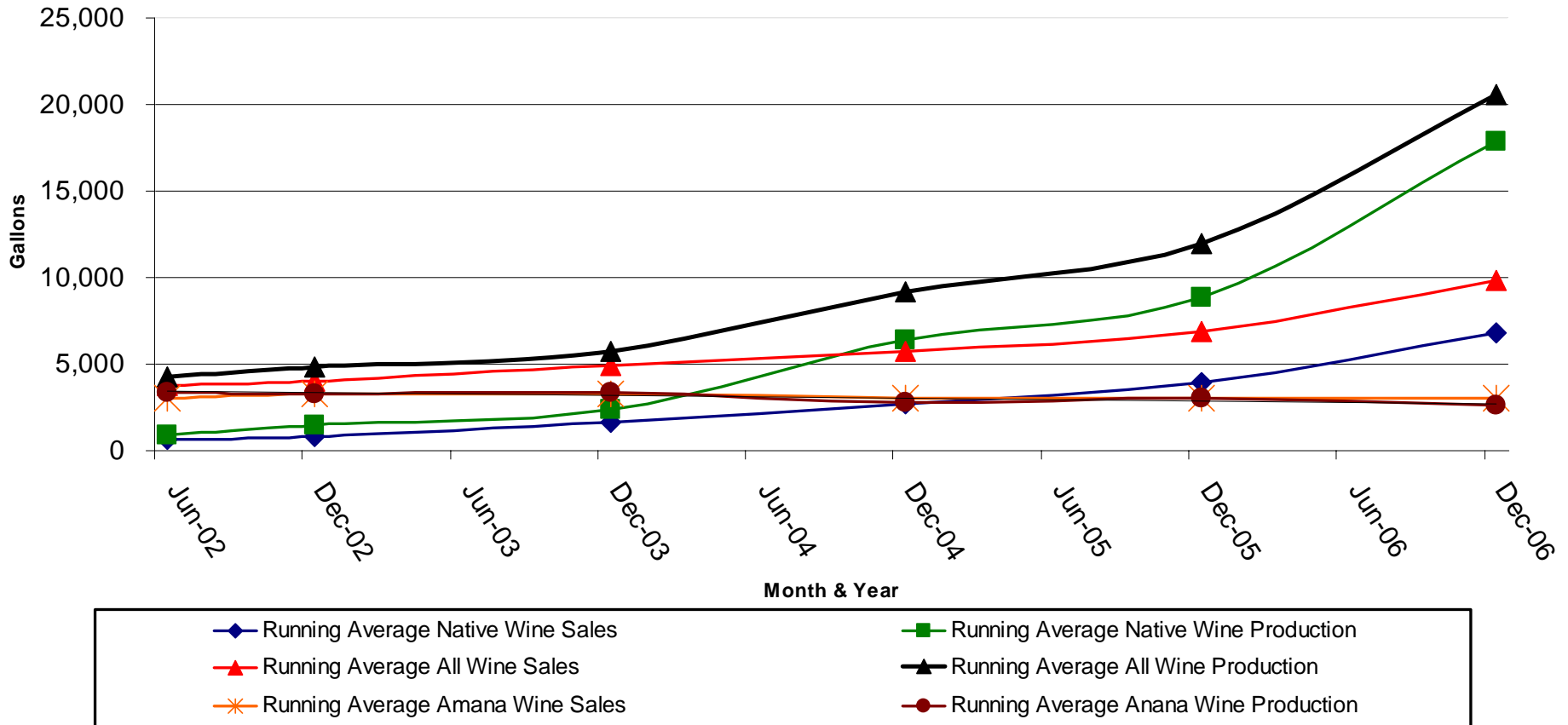
- Must market their vineyards and grapes to wineries
- Must produce the variety, quantity and quality winery needs
- Grapes are not a commodity

Commodity Products

- At some low price, the market supply will clear
 - Corn will remain King in Iowa!
 - And Soybeans will be Queen
- Niche Products
 - When the last gallon of demand is met, there may be no market at any price!
- Grapes are not a commodity

Are Production & Demand in Balance?

Iowa Wine Monthly Production and Sales
(12 Month Running Average)
June 2002 to December 2006



Advice from Joseph Ciatti

- "The reason why Australia and California had problems was because of indiscriminate planting. The growers thought the industry would want the grapes. They didn't," he said. "Do not plant without a contract. You will be hurt. Be very, very careful in how you go forward with your plantings. Stay focused on the varieties that you do well, and plant only with a contract."

Joseph Ciatti at Washington Association of Winegrape Growers conference this week (2/7/2007)

Grower Marketing

- Target wineries whose products meet your goals
- What differentiates you, your vineyard and your grapes from others?
 - High quality fruit
 - Unique site
 - Cooperative and reliable supplier
- How do you achieve high quality?

Marketing Your Winery

- What is the business?
- Who is the customer?
- Who is the competition?
- What is my marketing plan for success?

Winery Marketing

- What is the business?
 - Wine?
 - Events with wine?
 - Destination travel?
 - AgriTourism?
- Who is the target market?
 - Local & regional consumers
 - Weddings or other event planners

Who is your wine competition?

- It is not CA wine!
 - Nor nearby IA wineries
- 43% of adults who consume no alcohol
- 25% of adults who only drink beer and spirits
- Alternative destinations

Building the Marketing Plan

- How do you cost effectively reach targeted consumers?
- What is your story and value proposition?
- How do you exceed customer expectations?
- How will you build your brand?
 - Is it protected by trademark?

Iowa Wineries

- Local & regional market – target advertising and public relations
- High percentage of direct sales
 - Through tasting rooms
 - Direct to Iowa retailers and restaurants
 - Restaurant food must also be high quality
 - Farmers markets and festivals

Direct Sales

- Tasting rooms
 - Wines taste different by how you are treated!
- Wine clubs, case clubs, & rewards clubs
 - Ongoing relationship with customers
 - Special tastings and dinners
- Direct sales via internet
 - Maintain contact through e-mail
 - Create a blog
- Printed newsletters still part of the mix

Keys to Tasting Room Success

- **Create value for your products in the mind of the customer**
- **Find ways to connect visitors with your winery**
- **Provide stellar customer service**
- **Don't be obnoxious**
- **Be enthusiastic: emotions are contagious!**
- **Never discount wines more than 30%**
- **Smile... and smile again**
- **Never underestimate people's willingness to buy wine to impress their friends**
- **Create a peak experience for each visitor**

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Meeting Consumer Expectations

- Wine must have no defects – Objective assessment
 - Not oxidized
 - Low volatile acidity
 - No Brettanomyces or other microbial contaminant
- Corked wines are replaced without question

Exceeding Consumer Expectations

- Wine tastes good!
- Staff are knowledgeable and friendly
- Setting is comfortable and scenic
- The experience is more than just the wine!

Exceeding Consumer Expectations

- Events are well done
 - Fun
 - Good food
 - Good wine
 - Clean facilities
- Build your brand image

Making the Sale

- Know your customers
 - Get names, addresses and e-mail
- Make sure customers know you
 - Name badges
- Engage customers
 - Not only where they are from
 - What wines do they like?
- Ask for the order!

It's a Business

- Grape and wine production are consumer products businesses
- Successful consumer products build strong brands
 - Regional
 - Company
- All activities should build brand equity
 - Consistently implement the marketing plan

Summary

- Successful marketing starts with good wine
- Then create a memorable experience
- Leverage marketing dollars by promoting the region
- Exceed consumer expectations!



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Thank you!