Grape and Wine Marketing
How we do those in Sonoma County?

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Presented at the
Iowa Wine Growers Association Annual Convention
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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

- Running Average Native Wine Sales
- Running Average Native Wine Production
- Running Average All Wine Sales
- Running Average All Wine Production
- Running Average Amana Wine Sales
- Running Average Anana Wine Production
"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 varietals 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!
Thank you!

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