

Tanks For All the Grapes

Managing tanks through grape gluts

Stacy Briscoe

IT'S NO SECRET THAT 2018 was a large harvest for California vineyards and wineries. One only has to look at the state's crush report for that year to see that total tons crushed were up by 7 percent, or 268,000 tons, when compared to the 2017 vintage. With all those grapes harvested, processed and aging in tank or barrel—how are wine producers managing all that inventory now that the 2019 vintage is ready for action?

According to interviewees for this article, it's not as big of a problem as one would have expected. Though, admittedly, the need for creativity has increased.

The Grape Seller's Point of View

"The 2018 crop was only large relative to the crops before it. In all actuality, it was not a bumper crop in terms of yields per acre," said Jeff Bitter, president of Fresno-based Allied Grape Growers (AGG), a grower-owned winegrape marketing and selling association. According to Bitter, the AGG has been, for many years, estimating that the "new normal" would eventually average around 4.2 million tons of harvested grapes within California. "As an industry, we need to understand that we currently have an acreage base capable of doing this year in and year out," he said.

The 2018 crop was a bit of a reality check, in Bitter's opinion, showcasing the true potential of what the state's current planted vineyards can produce. He noted that some growers, who were unable to sell their ample harvest, were able to make wine from the excess 2018 crop.

However, the result of those large yields was that "inventory excess was pushed down to the vineyard level in 2019," and that meant more clusters were left unharvested. "Never before have we seen the amount of grapes left to hang on the vines, homeless, as we did in 2019," Bitter said.



Stacy Briscoe is the assistant editor of *Wine Business Monthly*. Previously, she was a freelance wine writer for multiple publications, including the *San Francisco Chronicle*, *Napa Sonoma Magazine*, *Edible Silicon Valley*, among others. Stacy has a Bachelor of Arts degree in English-language literature, holds a WSET Level II certificate and is continuing with the WSET program. Outside of wine writing, she's also a contributing editor for independent publisher *She Writes Press/Spark Press*.

As such, there's actually less 2019 product to deal with. "Overall, many vintners (and even some growers) are looking to move through 2018 wine inventory now," Bitter said. "Once that inventory clears the market, we should be in a relatively good position, assuming we have since corrected our structural oversupply by removing acreage."

Glenn Proctor, partner of the wine brokerage firm Ciatti Company, is of a similar opinion and stated that the "crunch" to sell 2019 grapes was not as big as expected. "There was enough space in the end. We made it through ok. And we're seeing movement in the market," Proctor said, though he admitted that "prices aren't exceedingly good."

In fact, Proctor saw just a few scenarios in which sellers needed to move juice out of tank to make space for the new vintage. "Those people were trying to get creative," he said. "They had to think, 'Would I be better for moving that wine and selling it at whatever price to make room for a younger vintage, or should I store it and wait for a better price to come along?' Some were able to move it. It was at a buck or two bucks a gallon, but they were able to move it."

What it comes down to, according to Proctor, is the grape and/or wine seller's decision on how best to utilize the space available to them in order to get a return on their investments. He warned, however, that many facilities that rent tank space are charging higher prices for storage—especially during harvest.

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Tanks For All the Grapes

The Crush Numbers Are In

When the 2019 California Grape Crush Report came in mid-February, Bitter and Proctor were proven right. The total amount of grapes crushed last year decreased by 7.8 percent, totaling 3,890,253 tons. The 2018 vintage, on the other hand, saw 4,281,684 tons crushed.

“The 2019 harvest size rivals the 2014 harvest and is the second smallest harvest since 2011,” wrote the Ciatti Company in a press statement following the release of the report.

One can only wonder how big the crush report’s numbers could have been if all those grapes had been harvested. But while those numbers are not great for farmers, it is, as Proctor noted, a “welcome respite” from the pressure of oversupply and weak case goods demand.



The Large Winery Perspective

Eric Aafedt is the director of winemaking for Bogle Vineyards & Winery in Clarksburg, Calif. Bogle farms 2,000 acres of grapes used for Bogle’s winemaking program, as well as sources grapes from growing partners throughout the state. “As contracts expire, we are evaluating needs and renewing or not renewing contracts,” Aafedt said.

According to Aafedt, Bogle crushed less fruit in 2018 and again in 2019. “The reduction of grapes crushed was a factor of sourcing less grapes by design as opposed to yields,” he said, explaining that its 2018 harvest ranged from average to above average and that the 2019 saw overall below-average yields. “We have had an over-supply of red wine for the last couple of years. We are mitigating this through reducing grape acquisition.”

An advertisement for Criveller Group. The top half features a large, detailed image of a hydraulic grape press. Overlaid on the left is a dark blue box with white text: "YOU WILL BE HARD-PRESSED TO FIND BETTER CRUSHING EQUIPMENT. Crushing Equipment. Don't let finding the perfect press crush your spirit. We simply make the best tools possible to squash any equipment problem you might have. Criveller offers hydraulic presses, bucket loader presses, and membrane presses along with any other crushing equipment you might be adding to your winery." The words "PNEUMATIC GRAPE PRESSES" are written in large, semi-transparent white letters across the center. Below the main image is a dark blue navigation bar with icons and labels for "CRUSH", "FERMENT", "FILTER", "BOTTLE", and "LABEL". At the bottom, the Criveller Group logo is displayed with the tagline "THE BEST IN WINERY EQUIPMENT & STAINLESS STEEL TANKS". Contact information includes the website "www.criveller.com", email "info@criveller.com", and phone number "800.957.2999".

An advertisement for Agertank & Equipment Co. The top section has the text "EUROPEAN CRAFTSMANSHIP STAINLESS STEEL WINERY TANKS IN STOCK, READY TO SHIP" in bold, black, sans-serif font. Below this, the word "NOW" is written in very large, bold, black letters. Underneath "NOW" is a photograph of several stainless steel winery tanks of various sizes and designs, some with ladders and pipes. At the bottom, there is a dark blue banner with white text: "Harvest is on the horizon. You need tanks and you need them now, but compromising on quality to get them fast is not how great wines are made. We're ready. Our Letina stainless tanks - jacketed, single wall, variable, you name it - are built in Europe and in stock in our Pacific Northwest warehouse, ready to ship. Want more info? Call us today, or visit: agertank.com". The banner also contains the phone number "(503) 222-7079", the company name "AGER TANK & EQUIPMENT CO.", and the website "AGERTANK.COM".

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In an attempt to reduce red wine already in inventory, Aafedt said that he found, as most have, that the bulk wine market was “very soft.” “We would need to sell our California wines at an unacceptable price,” he said. So, in an effort to improve his wines’ quality and simultaneously mitigate the winery’s oversupply, Aafedt chose to saignée most of the red wine from both the 2018 and 2019 harvests. “We are taking 10 percent of the juice at the receiving hopper, leaving a higher skin-to-juice ratio during maceration,” he explained. “We now have a Rosé program for the higher quality juice from the saignée. We’ve also had some luck selling some Rosé in bulk. The balance of the juice was sold to distillers.”

Bogle built its current winery back in 2011 and, according to Aafedt, has been slowly adding more capacity in phases. “If we weren’t long on wine, the last phase would have been years later. Instead, we accelerated the build-out to meet our bulk wine storage needs,” he said. That extra storage has allowed the winery to store oversupply of past vintages through the 2018 and 2019 harvests. “We also bottled more volume than needed. We maxed the capacity of our distribution warehouse to allow effective processing of the 18 and 19 vintages,” Aafedt added.

Fortunately, that excess wine is all red wine and, as Aafedt pointed out, “The market seems to be less particular about the vintage on red versus white” wines. Looking at the positive, Aafedt added that Bogle’s red wines have actually improved with the extra barrel aging time.

On the sales and marketing side, Bogle has introduced additional labels and branding in an effort to “bring balance” to the overall inventory.

Jeff O’Neill, CEO and founder of O’Neill Vintners & Distillers, said that with the capacity to crush 150,000 tons annually and 700 tanks of various

sizes, his company has not felt the impact of the uneven grape supply over the past few vintages as harshly as others may have. “We are fortunate to have long-term contracts for our grape sourcing and deep relationships with our private label partners,” O’Neill said, adding that the company has long-term contracts with more than 160 growers from whom they purchase fruit directly to make wine for their various programs. Like Bogle, O’Neill has also expanded their portfolio, slowly growing national brands. “National brands are a relatively new business for us ... with lots of vitality and growth opportunities. We aren’t being dragged down with older, established brands,” he said.

O’Neill pointed out that one of the issues regarding the backup of grape and bulk wine supply is on the sales and marketing side of many U.S. wineries. “We all have to step up and tell our story better in order to sell more wine,” he said. “The entire industry needs to prepare by listening to the consumer and re-tooling our messaging to reach them.”

From the Little Guys

Just as the “next generation” of wine drinkers is looking for something different to consume, so are up-and-coming winemakers looking for different varieties to work with.

“I believe new varieties (no matter what they are) are on the rise,” said Cindy Cosco, owner and winemaker of Passaggio Wines in Sonoma, Calif. “I think people are looking for something different. I know I do.”

Cosco sources all her grapes from vineyards in Sonoma, the Northern Interior and Lodi. When she first started making wine back in 2007, Cosco



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had only one grower contract and produced just 50 cases under the Passaggio brand, consisting of the usual white wine suspects, an unoaked Chardonnay and a Pinot Grigio, along with a Rosé. As her business grew, her winemaking styles became more experimental. Today, Passaggio's portfolio boasts a 1,700 case production, with 11 different white and nine different red wines under its name—many of which are “lesser-known” varieties, such as Aglianico, Toraldego, Souza, Alicante Bouschet and Muscat Canelli.

Though Passaggio's production facility is in a modest warehouse space off of 8th Street East, Cosco said she didn't have any issues with tank management

during the 2018 or 2019 crush. This is, in part, due to her experimental nature. “I decided to pull back on the Bordeaux varieties. So, I didn't make a Cab Franc or a Merlot,” Cosco said. “I didn't stop getting fruit from my main growers, though,” she added, noting that she now has three “regular growers” but added four more for her 2019 vintage.

Many of the growers with whom she works offer a wide array of winegrapes for her to choose from. In fact, one Clarksburg-based vineyard, where she sources much of her fruit, is planted to 24 different winegrape varieties and is a consistent resource for Cosco's experimentations vintage to vintage.

“The growers I work with are fantastic. It's all a handshake for contracts,” Cosco said. “I love experimenting. And as this market is getting more and more along the lines of ‘something different,’ I will experiment more.”

The Tank Takeaway

So what's the plan for all those grapes inside your tanks? If possible, it may be time to look at label and brand expansion. If not, it may be time to sell it off for a loss. Once the wine's moved on and moved out, you may want to consider the current market. Wine producers, consider what wine consumers are trending toward—not in the short term, but over the next five, 10, even 20 years. Growers, consider that winemakers and producers are looking for products that will stand out on the shelves and satisfy the wine drinking public. And to the whole of the wine community, consider that the success of the industry is a trickle-down effect that's ultimately determined by those wine consumers. [WBM](#)



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