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Wineries Go Digital:

Virtual Tastings Emerge as Tasting Rooms Close, Consumers Stay Home

Plus

Vineyard Survey Reveals Extent of Surplus Damage Winemakers Turn to Variety-specific and Hybrid Barrels



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month in review

The World Changed But Things Are Going to Get Brighter

Ooh child Things are gonna get easier Ooh child Things'll get brighter Some day, yeah We'll put it together and we'll get it undone Some day When your head is much lighter Some day, yeah We'll walk in the rays of a beautiful sun Some day When the world is much brighter

"OOH CHILD" (Things are Gonna Get Easier), a song recorded in 1970 by Chicago soul family group the Five Stairsteps, inspired more than 20 covers by artists such as Nina Simone, The Spinners, The Supremes and, more recently, Kamasi Washington. The lyrics tell the listener that "things are gonna get easier" in times of strife.

As we ship the May issue to print and onward to subscribers, we are three weeks into an unprecedented situation with nearly 40 million Americans—and roughly half of the world's population—under shelter in place orders. This is a situation few of us could have imagined just a few weeks ago.

Though it's a very difficult situation, disastrous for many, we will get through this. There will be softness in hospitality for some time, people aren't going to be traveling much for a while, and they will have less disposable income, but they'll be back.

Though restaurants and tasting rooms are shuttered, ecommerce sales are up, and sales at grocery stores are up. There's a saying that people drink in good times, but drink even more in difficult times. Wineries and growers will pull through. They're optimists by nature, and are part of a long-term business.

While I'm throwing around clichés, necessity is the mother of invention. When the need for something becomes imperative, you are forced to find ways of achieving it. Even before the coronavirus crisis prompted tasting room and restaurant closures, many wineries were starting to question the traditional tasting room model and were looking for other ways to connect with their customers. When tasting rooms were closed, wineries sold library items, opened up for pickup, and sometimes even delivered. They pivoted to telephone sales and to so-called virtual tastings to stay engaged with customers.



This too shall pass but it will be interesting to see how much permanent structural and societal changes we'll see after the lockdown ends. It's safe to say the world will never be quite the same.

Wine, more than any other alcoholic beverage, brings people together. It's the great connector. How will the wine world change? Will the acceleration of e-commerce and success with third-party delivery services for alcoholic beverages continue? Will regulators stay flexible about curbside delivery? Will virtual tastings play a permanent role in wine marketing? Will certain winery employees – those working in label design, public relations, hospitality, and website management – continue to work from home? Will telecommuting be the new normal?

One thing's for sure: When this thing passes, there will be some great parties and in-person events. People will be ready to celebrate.

Here's to things getting brighter, and to making the best wine possible while staying safe and healthy.

Cyril Penn – Editor

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Virtual Wine Tastings Become Key

Consumer Engagement Tool. 64



With many tasting rooms ordered to close due to novel coronavirus concerns, wineries turn to social media and meeting platforms to keep their club members connected with their brands via virtual tastings, though some are using it to reach new consumers. Here's how they're doing it. *Erin Kirschenmann*



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Shannon Muracchioli, director of marketing and DTC, Clos Du Val Winery,

"Virtual Wine Tastings Become Key Consumer Engagement Tool," page 64

"It wasn't something that we were doing just for this virus, and not something that we want to do only for this situation. In other words, we want to continue this. This was just the kick in the pants to take it off an idea board and get moving."

Jeff O'Neill, CEO and founder, O'Neill Vintners & Distillers, "Tanks for All the Grapes," page 32

"We all have to step up and tell our story better in order to sell more wine. The entire industry needs to prepare by listening to the consumer and re-tooling our messaging to reach them."

Mark Greenspan, author, "2020 Vineyard Survey Report," page 44

"Wine has and always will be a part of our lives and, while alternatives have come and gone, wine continues to be there in the background, sometimes stepping forward and sometimes giving other beverages their time to shine. Right now, it's the latter, but wine will step forward again, and your grapes will be sought after."

Matías Calleja, winemaker, Beronia, "Winemakers Turn to Hybrid Barrels to Express Individual Styles," page 26

"I believe we get much better integration in the wines when they have been aged in mixed oak barrels. We avoid the shock of having to blend two separate wines postaging in separate woods."

Trey Busch, co-owner and winemaker, Sleight of Hand Cellars, "Virtual Wine Tastings Become Key Consumer Engagement Tool," page 64

"We're discovering new things about how to connect with the consumer because of this. It forced our hand in looking at new ways of reaching out to our mailing list and people who aren't customers yet."

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news



Top Stories from WINE BUSINESS.com – In Case You Missed It



WineShipping Combines Business with Pack n' Ship Direct

WineShipping LLC announced its merger with Pack n' Ship Direct, creating the nation's largest direct-to-consumer logistics provider with a nationwide footprint and ability to provide ground overnight delivery nationwide. "Joining the two companies positions us in a unique way, by having the network and capability to provide the types of services people have come to expect in when they shop and buy things online," WineShipping CEO Eric Lewis told *Wine Business Monthly*. The transaction doubles the company's footprint and the combined entity will be part of Wineshipping's parent, DTC Logistics.

WineShipping is based in Napa, with locations in Paso Robles, Calif., Santa Maria, Calif., McMinnville Ore., and St. Louis. Pack n' Ship Direct operates warehouse and fulfillment centers in Napa, Paso Robles, Santa Maria and Windsor with distribution centers in Florida, Illinois, Nevada, New York, and Oklahoma.



France Officially Recognizes Natural Wine Designation

Winemakers in France obtained formal recognition from French authorities with regard to the existence of "natural wine." The new denomination is defined by a quality production charter and marketed under the term, vin méthode nature. After 10 years effort, and in collaboration with the French Ministry for Agriculture, the French National Institute for Origins and Quality (INAO) and the French Fraud Control Office, the newly created Natural Wines Union has established a list of criteria and a screening protocol dedicated to this new designation. Restricted to European offerings, the denomination will be subject to a three-year trial period.



California Winegrape Growers Reminded to Vote

The California Department of Food and Agriculture (CDFA) expects to mail referendum ballots on April 9 to California winegrape growers to vote on whether or not to continue the assessment they have paid annually since 2001 to fund the CDFA Pierce's Disease (PD)/Glassy-winged Sharpshooter (GWSS) Board's programs. The 15-member Board advises CDFA on the use of assessment funds for research and outreach designed to prevent grapevine losses and control the spread of PD and its primary vector, the glassy-winged sharpshooter. Referendum approval will extend the assessment and Board five years, until March 1, 2026.



White Claw Founder Buys Liquidity Wines

B.C. wine entrepreneur Anthony von Mandl purchased Liquidity Wines Ltd. for \$12.5 million, according to the *Business in Vancouver* newsletter. The White Claw founder already owns the Mission Hill Family Estate Winery, CedarCreek Estate, Road 13 Vineyards, CheckMate Artisanal Winery and Martin's Lane Winery. Von Mandl also owns Mark Anthony Group, which is a large company that rose to prominence for creating and producing Mike's Hard Lemonade. More recently he has overseen expanded sales for White Claw's line of hard seltzers.



Company Introduces Virtual Labels for Wine Bottle Displays

The labels, mapped by a proprietary software from Glass-Media Inc., are designed for each client, according to the company. The "labels" could be projected onto a bottle from a table top or a bar top on another display. The labels could appear on any shaped bottle or size, said Daniel Black, chief executive and founder at Glass-Media Inc. in Dallas. Glass-Media, which Black founded in October 2014, has been involved in other projects, including the creation of virtual storefront displays, such as the Fossil Group's digital display at its 5th Avenue store in New York City and a 40-foot projection of a Levi's label at that company's flagship store in San Francisco. WBM



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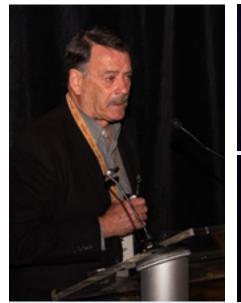


THANK YOU TO OUR ATTENDEES, SPEAKERS, SPONSORS AND PARTNERS February 27, 2020 | CIA at Greystone, St. Helena

Hundreds gathered for *WBM*'s sixth annual Innovation + Quality conference, a forum for ultra-premium winemaking.







The Wine Business Monthly editorial team and the Innovation + Quality 2020 Advisory Board named Roger Boulton their Lifetime Innovator Award winner. He has been a driving force at UC Davis and taught two generations of winemakers.





Top: Alexander Levin viticulturist and assistant professor, Oregon State University, and bottom: S. Kaan Kurtural extension specialist, viticulture, UC Davis Dept of Viticulture & Enology both presented new research that directly affects winemaking.



(Top) Marimar Torres, founder and proprietor of Marimar Estate Vineyards in Sonoma County, and her daughter Cristina, led a tasting of the Torres portfolio and a discussion of the family's climate action program. Miguel Torres, president and managing partner of Bodega Torres (left), spoke via video to reduce his carbon footprint.







Winemaker Leslie Sisneros of Toboni Vineyard poured the results of her dry pitch yeast trial for attendees.







PHOTOS: ART & CLARITY

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A More Perfect Union

Coopers aim barrel-building practices toward specific varietal wines

Jim Gordon

CERTAIN VARIETIES, CERTAIN VINEYARDS and even certain brands of wine have an affinity for specific oak barrels. There's the famous example of Napa Valley-based Silver Oak Cellars, which has used solely American oak for its Napa- and Alexander Valley-grown Cabernet Sauvignons since Justin Meyer and Raymond Twomey Duncan founded the winery in 1972. This was during a time when the emerging, collectible Cabernets of California had turned almost exclusively to French oak.

But Silver Oak's customers certainly had no problem with the American accents of vanilla and dried herbs in the wine, boosting it to be one of the first brands made in a quantity of thousands of cases to command \$40 per bottle. Nor did the winery have a problem. It was so happy with the marriage of Cabernet Sauvignon and the Missouri-made barrels from A&K Cooperage (now The Oak Cooperage) that it bought a 50 percent interest in the company in 2000 and in 2015 bought the other half to become the cooperage's sole owner.

About 12 years ago, during a Pinot Noir tasting hosted by Russian River Valley wineries, I noticed for the first time what everyone else in the room seemed to already know about Williams Selyem Winery's choice of barrels. Most of the other 15 or so wines in the tasting showed a lot of black fruit character, and somewhat obvious toast and dark spice elements. But the Williams Selyem Pinot had the familiar and, to me, classic red fruit flavors in addition to the black fruit, light spices and an elegant, moderately tannic texture that stood out from the others.

I raised my hand and asked what was so different about the Williams Selyem wine. A few winemakers and journalists responded almost at once that Williams Selyem used mainly, if not exclusively, Tonnellerie François Frères barrels. That was the major difference, they said. It confirmed another great pairing of wine and barrel.

Recent Variety-specific Barrels

So, the question arises: if outstanding marriages between variety and barrels can be arranged, can winemakers select their barrels based largely on the grape variety? And further, can cooperages design and market barrels specifically for single-varietal wines? Recent barrel introductions by coopers make the case that it can be done.

Tonnellerie Cadus showed a new barrel to registrants at the Innovation + Quality conference in St. Helena, Calif. last February. Named CAB by Cadus, the barrel features staves that are a blend of tight grain and extra tight grain, seasoned for 36 months before the barrels were steamed with the PUR process and given the house toast.

The CAB barrel is especially good for wines to be presented young from the barrel at prestigious trade tastings like Premiere Napa Valley, said Ian Hartnett, Cadus' business development manager for California's North Coast counties, British Columbia and Mexico. He recommends the CAB barrel for such showings because it presents a young Cabernet Sauvignon with less tightness and more suppleness than many other barrels do.

Another French cooperage, Tonnellerie d'Aquitaine, makes a barrel intended specifically for Chardonnay. The Grâce barrel by Aquitaine is made with hand-selected tight- and very-tight grain staves, which are a proprietary blend of three premium forests, said president Jérôme Lasserre. Staves are seasoned at the company's drying park south of Bordeaux for a minimum of two years.

Aquitaine offers custom toast levels based on the winemaker's focus and style of Chardonnay, as well as the origin and characteristics of their fruit, Lasserre said.

"Some years ago, we were offering forest-designated barrels, and we learned that we have very good results with three different French forests," Lasserre said. "One Australian customer asked us to blend those three forests in the same barrel. As the results were even better than each individual single-forest barrel, we decided, after worldwide trial evaluations, to introduce this new barrel." Now the company has created a range of barrels for red wines, too.



Jim Gordon, editor at large for *Wine Business Monthly*, writes and edits articles on grape growing, winemaking and wine marketing. He has been covering wine and the wine business for more than 35 years, notably as the editor of *Wines & Vines* from 2006 through 2018. A role as contributing editor for *Wine Enthusiast* magazine began in 2014, in which he reviews California wines and reports on various California wine regions. He was executive director of the annual Symposium for Professional Wine Writers at Meadowood Napa Valley from 2008 to 2015. Dorling Kindersley (DK Books) of London published his first book as editor-in-chief, *Opus Vino*, in 2010, which was chosen as a finalist in the James Beard Awards. In 2002 he was co-creator and managing editor of the long-running Wine Country Living TV series for NBC station KNTV in San Jose/San Francisco.

L'ESSENCE DE L'ART





Tonnellerie Quintessence Bordeaux In 2016, Radoux USA began creating custom barrels aimed at specific varietals and terroirs for one winery customer. The program has since grown from 72 barrels in that year to 1,250 barrels in 2019, and is now named the Barrel Code Series. It focuses largely on Cabernet Sauvignon and Chardonnay production, with varied barrel characteristics further differentiated by wine regions.

In particular, the Cabernet Sauvignon barrels have been customized to match the needs of winemakers in at least three regions: Napa Valley, Paso Robles and Washington state. The program is exclusive to Radoux USA customers, and uses American, Hungarian or French oak.

In one example, Radoux produced a Barrel Code Series American oak barrel for use with Central Coast Chardonnay that is intended to give the wine more freshness, less obvious oak impact and more roundness in the texture. Another Barrel Code Series item is geared for Napa Valley Cabernet Sauvignon, and its goal is to impart less oak tannin and more volume, roundness and tension.

Louis Zandvliet, the general manager of Radoux USA, said that while the barrel-making process is proprietary, it involves "playing with fire and water, but not necessarily in that order. We're not reinventing anything, just rearranging," he said. Feedback from leading winemakers and consultants has helped the company continually refine its production methods.

Many coopers craft barrels with major wine types in mind but without marketing them specifically for a specific, single-varietal production. Examples include a white wine-specific barrel, Pure T, from Tonnellerie Taransaud, and an acacia wood barrel from TN Coopers that is likely used mostly on white wines. Larger cooperages often offer custom production of barrels, so a winemakers can choose the wood source, tightness of grain, seasoning time and toast level they have found, or that they expect, will be best with their grape varieties and vineyard conditions. The Fusion series from World Cooperage is an example.

Barrel and Wine Combos That Dance

Over time, practically every winemaker finds barrel and wine combinations that seem to multiply, rather than simply add to, each other's good qualities.

Joe Norman, the winemaker at Lava Cap Winery in California's El Dorado County since 2013, is in charge of 18 different SKUs that total 11,000 cases. One of his biggest challenges, when he arrived, was to bring the winery's barrel program up to snuff. He used some lessons learned about barrels when he worked at Heitz Cellar in Napa Valley under David Heitz.

Some of Heitz's classic Cabernet Sauvignons from Martha's Vineyard and Bella Oaks Vineyard have aged well for 30 years or more, and part of their longetivity is thanks to aging in French oak barrel from the Limousin forest. Norman said it was the widest grain available (today's first choice for age-worthy wines is often tight grain), and Heitz used it because that was what winery founder Joseph Heitz had used.

Winemakers at the time said Limousin oak was too aggressive, Norman recalled; but since Heitz aged its reds for four years in barrel, the wine and the oak had time to mellow each other. The results certainly stood the test of time.



"We would go through all our wines first to figure out which ones were worth using with the newest or most expensive barrels," he said. The advice he learned to apply was that you don't want to put a so-so wine in a new barrel because you'll just get an oaky, so-so wine.

Norman said he does not use varietal-specific barrels at Lava Cap but told of how he found a barrel that *became* varietal-specific for him. Several years ago, a representative of Kentucky's Canton Cooperage was enthusiastic about their four-year-seasoned Grand Cru Limited American-oak barrel, with which Oregon Pinot Noir winemakers were having success.

Norman trialed four barrels with Chardonnay as part of his program but found their spiciness "a bit over the top." He played with it in the lab, adding some to the Lava Cap Viognier, and something clicked. "For some reason that floral note of Viognier, when it touched the four-year American, they did a little dance together that I liked."

He liked how it complemented the Viognier flavors, and how it helped differentiate the Viognier from the winery's Chardonnay. "These things work, but people have to discover it for themselves," he said. Now, that Canton barrel is the only one he uses on the Viognier, which is two-thirds steel-fermented and one-third barrel-fermented.

Bordeaux Barrels for Pinot Noir

In California's Anderson Valley, Goldeneye Winery is a Pinot Noir specialist, producing about 25,000 cases and sourcing 95 percent of its grapes from estate-owned vineyards. Katey Larwood has been winemaker there since 2017, but has made wine in the Finger Lakes AVA of New York state and worked wine harvests around the world.

The Goldeneye cellar has held barrels from more than 25 coopers at a time, she said. "We are tweaking it constantly, every year; it's ever-evolving. Barrels are one of my top focuses since coming on as winemaker two seasons ago. We used 100 percent new oak in the 1990s, but that's evolved along with consumer preferences and to reflect the wines we really want to make."

Larwood acknowledges that there is plenty of precedent for barrel pairings on a broad level. Coopers in or near Bordeaux made barrels used for Bordeaux wines, she observed, so winemakers elsewhere often used them for Bordeaux varieties. It was the same for Burgundy coopers and Burgundy-style wines.

However, the Boutes cooperage in Bordeaux is one of her favorites. She said that Goldeneye's sister winery, Duckhorn Vineyards, uses them on Cabernet Sauvignon. "But they make great barrels, and I use them on Pinot Noir."

She doesn't accept the notion of a varietal-specific barrel. But like Joe Norman at Lava Cap, she had a recent barrel epiphany using a Tonnellerie Rousseau HBE (house blend eastern forests) with medium long toast on Pinot Noir from Goldeneye's Narrows Vineyard, their site closest to the Pacific Ocean at the "deep end" of Anderson Valley.

"That barrel just sang," she said. "It made the fruit pop, and brought out the savory spice, pennyroyal and licorice" characteristics, she said, that make Anderson Valley Pinot Noir unique.

It's undeniable that something special happens when a winemaker puts the right wine in the right barrel. And if specific barrels matched specific varieties consistently to the satisfaction of a large proportion of winemakers, then varietal-specific barrels would probably be a lot more common.

But as winemakers almost always point out, there are so many variables in grape varieties, clones, regional climates and specific vineyard sites that their wines are constantly moving targets. **WBM**

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Sustainability of French Oak Forests

Wine Industry Contributes to the Greater Good

Deborah Passin



Deborah Passin began working in the cooperage industry in 2008 and is addicted to studying the science behind the complex barrel/wine relationship. She started the first and only independent blog dedicated solely to wine barrels. Through her company, VinEthos (*vinethos. com*), she shares barrel research and helps winemakers find the best barrels for their wine.

DEBORAH PASSIN / FRANCE / NATIONAL FOREST

WPRACTICAL

Winery&Vineyard

Forest workers perform "regeneration cuts," removing the oldest trees, approximately 200 years old, to allow sufficient light, oxygen and nutrients for seedlings to flourish.

WATCH A 180-YEAR-OLD OAK tree being harvested and you might never want to buy new oak barrels again. Don't get me wrong, it is a magnificent thing to see—the slow and graceful fall of a 100-foot tree amidst a sea of its descendants. But why the sacrifice? In France, only three to four barrels are made from one giant old oak tree. All this for a few wine barrels?

Today, the United States is the largest importer of French oak barrels. Wineries in the U.S. buy about 200,000 barrels annually from France, about one-third of the total French oak barrel production.

Good News

An oak tree's life, and death, has a much greater purpose than just the production of wine barrels. Oak is one of the most sustainable raw materials on the planet. Wood, in general, is the most important single source of renewable energy. For example, oak, as a hardwood, is one of the best types of wood for heating.

Some trees actually need to be cut down to maintain the overall health and longevity of a forest and to provide value to society, which, in turn, helps protect the forests. More on this below. The bottom line is, when forests are sustainably managed, harvesting trees does not have a negative impact on the forests since they will be replanted. In France, where forests are sustainably managed, the surface area of forests has actually doubled in the last two centuries.

Guardians of the Forest

One of first models of sustainable forest management in modern history was introduced in the 17th century by French minister Jean-Baptiste Colbert. His goal was to ensure enough wood supply for the French Navy to build ships 200 years into the future. It was Colbert, in fact, who planted the first acorns in the revered Tronçais forest in 1670.

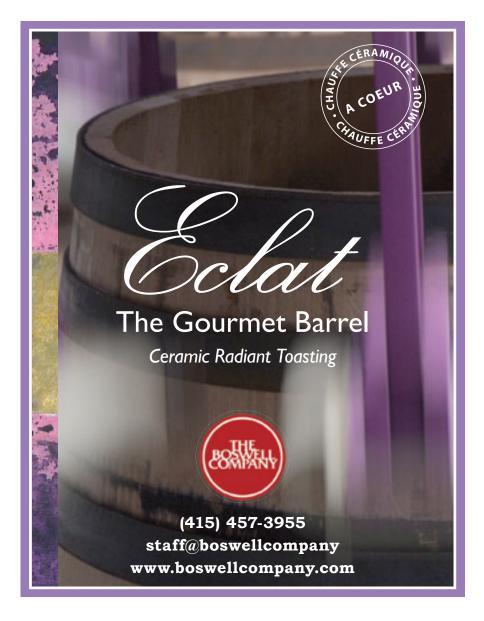
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Sustainability of French Oak Forests

Today, 70 percent of wood supplied to French cooperages comes from public forests managed by the National Forests Office (ONF). The ONF guarantees sustainable management of forests as certified by the Programme for the Endorsement of Forest Certification (PEFC), which is responsible for 60 percent of all sustainable-forest certifications globally. Privately-owned forests, too, are subject to laws that require sustainable management, which is a recent development.

According to the PEFC, we need to use our forests. If we do not, the land will be used for other purposes, such as cattle ranches or commercial agriculture. Buying forest products, such as wood, gives the forest value. It creates demand and provides a financial incentive to retain a forest as a forest.

The Fédération des Tonneliers de France (federation of the French cooperages) says that, as forests are the "lungs of the earth," cultivating trees can further reduce CO₂ in the atmosphere: young trees absorb much more than 200-year-old trees. The cooperage industry, as the primary buyer of highquality oak staves, plays a role in financing the management of forests as a sustainable resource.

Recent Debates in France

The industry is not perfect, though. Recent complaints have been made public regarding management of ONF forests, specifically that the forests are being over exploited, and the harvesting of trees is being sped up in order to generate income more quickly (this would mean less fine-grain oak available for barrels). The ONF denies these claims and believes that, instead of exploiting the forests, France has been actively promoting their growth for centuries.

The ONF makes the following points:

- The French forest is the largest forest area in Europe. Its surface area has doubled in the last 200 years, and it has continued to grow at a rate of 85,000 hectares per year since 1985. This growth is a result of France's efforts to clean up and perform large planting operations in areas that would otherwise be uninhabitable for trees.
- The ONF actively supports development of fine grain oak used to make barrels, starting with the identification of the most promising trees when they are 50 years old, measuring competition of other trees on the same plot and progressively cutting weaker trees so the best trees can flourish. The ONF even limits the diameter growth of these trees to 5 millimeters per year, which is necessary to produce the high-quality fine grain wood used for barrels. The trees are harvested when the tree is about 180 years old with a trunk diameter of 80 centimeters.
- Management is highly regulated by law, certified and recognized by the PEFC label in 100 percent of state forests.
- The ONF only intervenes 20 percent of the time while 80 percent of the forest regeneration occurs naturally. The foresters' work is only to support natural processes, such as removing old trees that take up nutrients in order to allow light in and create an opportunity for seedlings to grow. With climate change, however, plantings are expected to increase, and more intervention will be needed. The ONF has already begun working to increase species diversity, as this will be important for adapting to climate change.
- For the years 2016 through 2036, the ONF has vowed to do as many regenerations in 20 years as in the previous 15 years. (To save you from doing the math, this basically means they will be allowing trees to live longer.)



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Sustainability of French Oak Forests

Sustainability Schedule

In France, intervening at key moments in a tree's life cycle promotes its development and achieves a better balance of forest ecosystems. The optimal schedule for the growth of hardwoods, such as oak, when a forest is managed sustainably looks like this (per the ONF):

- 0 to 10 years: Protect young shoots.
- **10 to 35 years:** Promote the growth of trees by removing the weakest to let the remaining trees flourish.
- **35 to 180 years:** Continue development work for the dominant trees, which will be the parents of the next generation of forest.
- **180 years+ (optimal cutting age):** Young seedlings from older trees will grow rapidly as a new cycle begins.

"Thinning," "improvement" or "regeneration" cuts allow the species to benefit from sufficient light and oxygen. Removing "weaker" trees creates more space and resources for the genetically superior trees to flourish. This cycle has been in practice in France for more than 300 years.

How a Tree is Used, from Top to Bottom

The goal is for all parts of a tree to be used. According to wood purchaser and broker Alban Petiteaux of Oenowood International, who is also on the board of France Bois Régions (the interprofessional network of the forest sector), here is how it works:

O A	Top Middle	If straight enough, made into wood beams
		Branches and leaves: fuel, particle board, fertilizer
Ă K		Barrel alternatives for the wine industry; tank staves, etc.
Т		Lumber for flooring and furniture
R E E	Bottom (20 to 25 percent)	Staves for barrels (20 to 25 percent)
		Chips and other barrel alternatives (20 percent)
		Bark, sapwood, trimmings are used for fuel

The bottom section of the tree trunk is designated for barrel stave production because it is the straightest and has fewer branches. Anywhere you see a branch on a tree, there is a knot in the wood. When it comes to barrels, it is essential to use wood that does not have knots as this prevents leaks.

The bottom 20 to 25 percent of the tree goes to a *merranderie*, the stave mill (*merrain* is French for stave) split into staves to make barrels. During this process, the yield is, again, only 20 to 25 percent with the remaining 75 to 80 percent to be used for other purposes. This means roughly 5 percent of the whole tree is used to make barrels.



A log is split into 12 sections, called *quarters*, that will yield two to three staves each. This log represents a little less than one barrel.

Green Energy

Wood, as an energy source, represents 47 percent of the renewable energy used in France. This comes from three main forms: logs, wood pellets and wood chips. The ONF developed an organization to facilitate the use of wood energy called ONF Energie Bois, the leading supplier of wood fuels in France as of 2015.

A report from the Intergovernmental Panel on Climate Change (IPCC) states that sustainable management and the use of wood made possible by the cutting of trees are two responses in the fight against climate change. "Where wood carbon is transferred to harvested wood products, these can store carbon over the long-term and can substitute for emissions-intensive materials reducing emissions in other sectors," the report states.

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At the Stave Mill and Cooperage

The PEFC has two types of certification-one for owners/managers of the forests and another for companies that work with wood from PEFC-certified forests, such as cooperages and stave mills.

Companies can receive a "Chain of Custody" certification through a process that tracks forest-based products from sustainable sources all the way to the final product. It provides evidence that wood contained in a product originates from certified forests.

France is a world leader in PEFC Chain of Custody-certified companies with more than 2,000 company certifications.



At a stave yard at a stave mill in Burgundy, France where staves are seasoned for 24 to 36 months.



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The Tronçais forest was one of the first models of sustainable forest management in France. In this forest, and others like it, the ONF actively promotes the development of fine-grain oak used to make barrels.

What Winemakers Can Do

Simply put: Buy your barrels from PEFC-certified companies. This will ensure the wood used to make your barrels comes from sustainably managed forests.

In addition, where appropriate, winemakers can use a combination of barrels and oak alternatives for a more efficient use of the wood. Barrel inserts, for example, extend the life of a barrel. Alternatives can be made from the same log as barrels from the parts remaining after staves are cut. Although staves used to make barrels are 22 to 27 millimeters in thickness, only 3 to 5 millimeters are in contact with the wine. Since alternatives are submerged in the wine, 100 percent of the wood is used.

A Clear Conscience

Wineries in the U.S. use many new French oak barrels; but as long as the wood comes from sustainably managed forests, there is no shame in that. The leading authorities on sustainability tell us the forests need to be used.

While only 5 percent of an entire oak tree is used to produce just three to four barrels, the rest of the tree is used for equally (possibly even more) noble causes. Wood is an important source of renewable energy, and oak forests, when well-managed, provide one of the world's most sustainable raw materials.

You can therefore continue to use fine grain oak to age your wine and maintain a clear conscience. In fact, you can consider your (increasingly) expensive purchases to be an investment in sustainability and protection of the forests for years to come. That is a write-off, right? WBM

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Winemakers Turn to Hybrid Barrels to Express Individual Styles

L.M. Archer



L.M. Archer is a fine wine, food, travel and lifestyle writer specializing in Bourgogne, bubbles and the business of wine. Her works appear in numerous publications, including Meininger's *Wine Business International, Wine Business Monthly, Oregon Wine Press*, and *Taste of France Magazine*. She is a member of the Circle of Wine Writers, American Society of Journalists and Authors, International Food, Wine and Travel Writers Association, and TASTE Awards Academy of Media Tastemakers. Professional designations include Bourgogne Master Level, Champagne Master Level, and French Wine Scholar (FWS), from the Wine Scholar Guild. Find her at *www.lmarcher.com*.

HOLD ON TO YOUR barrelbung: That old axiom about Spanish producers "always" using American oak may no longer be true. A few pioneering Spanish winemakers are now using hybrid barrels, those crafted from different wood types, to age their wines. The movement isn't exclusive to Spain, either. A growing number of winemakers worldwide actually prefer hybrid barrels, too.

Trailblazers

Bodegas LAN in Rioja started its hybrid barrel program nearly a generation ago. "About 20 years ago, we began to try different types of oak," said winemaker María Barúa, who studied differences among oak types at the Government Research Center of La Rioja, part of the Instituto de Ciencias de la Vid y del Vino (ICVV).

"In Rioja, the barrels that were traditionally used were mainly American oak. We began to test with the French oak to see the differences, and we considered working with barrels that would combine these two types of oak. This way, the wine could be nourished by the qualities that each type of oak provides, developing a wine with different personality," Barúa said.

Barúa discovered that American oak staves from the Appalachian forests of Ohio and Missouri offer "intense" aromas of coconut and vanilla while French oak heads from different forests in central France (Allier, Troncáis, Jupille and Blois) yield more aromatic complexity, with notes of black pepper, clove and cinnamon, as well as touches of menthol, smoke and cocoa.







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WITH MULTIPLE LOCATIONS ACROSS THE U.S. TO BETTER SERVE YOU Tel: (707) 836-6840 www.ATPGroup.com Using French oak for the barrel heads also offers more tannins, resulting in greater structure on the palate. "With the combination of the two oaks, we give more complexity and structure to the wine while maintaining the respect for the fruit," Barúa said. "The use of hybrid casks started with the LAN Crianza, and it has now been extended also to the LAN Reserva."

LAN isn't the only producer with a hybrid barrel program in Rioja. "Back in the 1990s, we were looking to get much better integration of French and American oak into Beronia wines during the aging process," said winemaker Matías Calleja of González-Byass' Beronia Rioja in Ollauri. "I lighted on the idea that if we could combine both oaks in one barrel, we might produce wines with the best of both: the smooth vanilla tannins from the U.S. oak, blended with the spicy, savoriness of the French oak." Calleja admits some of his coopers thought his idea was "odd," at first. Experimentation, however, revealed that using American oak staves with French oak heads produced wines expressive of the "Beronia style": smooth and sweet with body and reserve.

Tradition

Other hybrid barrel programs from around the world reflect cultural traditions. Marco Tebaldi of Tebaldi Group in Verona, Italy uses hybrid barrels sourced from cherry and chestnut. It's a concept born from the Sicilian tradition of wine-aging that became the basis for Marsala DOC liqueur. Cherry wood yields strong aromas while chestnut—a typical wood from the Etna

A Passion For Excellence for over 100 years volcanic area—proves aromatic, hard and elastic.

The Veronese families Cristoforetti and Delibori of Vigneti Villabella reintroduced cherry wood barrels in 2001 as an homage to local tradition. "Cherry trees are part of the landscape of [the] Verona region," said winemaker Edoardo Lessio, "Therefore, cherry wood was widely used in the past." The slightly aromatic cherry wood enhances the typical fruity flavor of the region's native Corvina grape variety. "Our barrels are partially made of oak [the front and back part], just for a matter of resistance," he said. "The rest is made of cherry wood. The porosity of the cherry wood helps the polymerization of the tannins."

Others cite customers as the impetus behind their hybrid program. In the United States, Duane Wall and Jean Jacques Nadalié, partners and founders of Tonnellerie Française (now Nadalié USA) in Calistoga, Calif., tried hybrids in the 1980s after receiving "multiple requests" from winemakers.

"If we have a winemaker that wants to try something new, and we can produce it within our production process, then we're happy to do it... it's all about listening to them and being open to innovation," said Mark Evich, a regional sales manager for the company.

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Typicity and Integration

Hybrid barrels offer other benefits as well. "We chose these barrels because it allows us to keep the typicity of the grape varieties and keep the quality of our terroir," said Vincent Guillemot of Domaine Pierre Guillemot in Savigny-lès-Beaune, France. Guillemot uses hybrid acacia and oak barrels for short to medium aging times (between 10 and 12 months). He finds the acacia retains freshness and imparts sweetness while oak provides more depth and complexity to the wines.

"I believe we get much better integration in the wines when they have been aged in mixed oak barrels," Calleja said. "We avoid the shock of having to blend two separate wines post-aging in separate woods. It's not a matter of speeding up the process, [but] more about giving the wine an opportunity to meld and blend, in both oak styles, in one barrel."

Cost

For Guillemot, hybrids also prove economical. "The cost of a hybrid barrel is 515 HT (\$575 U.S.), against 635 HT (\$709 U.S.) for 100 percent oak. For us, it is very good value for the money." Guillemot orders his new barrels one week before harvest, but instructs his cooper, Tonnellerie Fouailly in Ladoix Serrigny, to toast during winemaking, which allows for adaptions to the wine and its vintage.

At Beronia, costs run a bit higher. "The cost of mixed oak barrels is around 15 percent more than the U.S. barrels in general," said Calleja, who works with a broad range of coopers. "Order times are about the same—we have been using them for so long now that when we replace barrels, the coopers are already prepared." In Italy, Villabella pays about 30 percent more for its hybrids, which the winery orders from Faßbinderei Klaus Pauscha & Partner GmbH in Austria. Marco Tebaldi also pays more for his Marsalbotti-sourced barrels from Sicily, chiefly due to unique construction issues: different woods bend at different temperatures over fire, therefore varying assembly times. In the end, Tebaldi reports, his hybrid barrel costs about 320 HT (\$357 U.S.), plus shipment costs. Order fulfillment typically takes 30 days, plus shipment time.

For Nadalié, prices are mixed. "Cost depends on the combination of oak choices and regions of the sourced oak," said Evich. A standard 225 L barrel with an American or Hungarian oak body and French oak head runs between \$600 and \$700 while a French oak body with either American oak or Hungarian oak heads ranges from \$800 to \$900. "Since we hand-craft our hybrid barrels at our cooperage in Calistoga, where our American and Eastern European oak barrels are also produced, there is no special lead time for making [hybrids]," Evich said.

LAN orders require careful planning and choreography with a broad range of coopers. "For example," said Barúa,"We are now thinking what barrels we are going to need for next year since, after the malolactic fermentation, the wines will be moved to barrels to carry out their corresponding aging process."

Ultimately, it's not the cost that matters for Barúa and her team. "Hybrid casks are cheaper than the French oak barrels but more expensive than the American oak barrels," she said. "It's mainly because of the cutting system, where you get more staves from the American than from the French. Apart from that, we are not looking at the cost when selecting the oaks. We look at the quality, at the style of wine we want after being aged in this type of barrel." WBM

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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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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."

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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**



Winemaker Trial: The Effects of Non-Saccharomyces Yeast in Winemaking

In a quest to bottle more organic wines, Castoro Cellars winemaker David Sailor was interested to learn new techniques to help reduce total SO₂ levels—including the introduction of a non-*Saccharomyces* yeast strain.

Stacy Briscoe

Author's note: At the time of this interview, the experiment was in the early stages. The questions and answers published here are a reflection of an in-progress trial.



David Sailor attended Cal Poly San Luis Obispo, where he received his B.A. in agricultural business with a marketing concentration and a minor in enology and viticulture. Since graduating in 2004, Sailor has worked in wine in a variety of positions in San Luis Obispo and Sonoma counties, in addition to Australia, New Zealand and Colorado. He has been making wine in the Paso Robles wine region for the past five years and joined the winemaking team at Castoro Cellars in 2018.

TRIAL OBJECTIVE: To determine whether the use of non-Saccharomyces yeasts will help eliminate the need for SO₂ during crush, thereby reducing the resulting wine's total SO₂ levels.

TRIAL DESCRIPTION: Three tanks of Cabernet Sauvignon will be used for the experiment. The control tank will receive SO₂ during the crush phase, followed by yeast inoculation. The two trial tanks will receive two separate non-*Saccharomyces* yeast strains during the crush phase, instead of SO₂, followed by the same yeast inoculation as the control tank.

Why are you interested in working with a new yeast?

Sailor: As Castoro approaches having all 1,400 estate acres of grapes certified organic, we are producing more wines designated as "made with organic grapes." For this labeling, the wines going into the bottle must contain less than 100 ppm total SO₂. Using these non-*Saccharomyces* yeasts, we may be able to eliminate the initial hit of SO₂ at the crush hopper, which usually results in 40 to 50 ppm total SO₂.

What grape varieties are you experimenting with? Is there any reason you chose these varieties specifically?

Sailor: We are trialing the yeast on Cabernet Sauvignon, which will come in toward the end of harvest as we tend to need to add a little more SO₂ to this fruit to help reduce microbial activity.

What type of yeast do you typically use when fermenting these grapes and why?

Sailor: We inoculate with a *Saccharomyces bayanus* yeast. Toward the end of harvest, the grapes tend to have a higher fructose to glucose ratio. The *bayanus* really helps to ensure a finished ferment as it is fructophilic.



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*.

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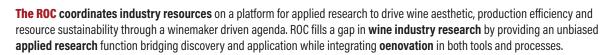


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Winemaker Trial

Briefly describe how you set up the trial.

Sailor: We will have three tanks of Cabernet Sauvignon grapes for the trial. The first tank will be the control, using around 50 ppm SO₂ added at the crusher then inoculated with our yeast the next morning. The other two tanks will be two trial non-*Saccharomyces* yeasts. These tanks will get non-*Saccharomyces* yeast at the hopper instead of SO₂ and then our normal yeast strain the next morning. The juice of all three tanks will be analyzed for chemistry, as well as yeast and bacteria count, both before and after *Saccharomyces bayanus* inoculation. The resulting wines will be kept separate, and chemistry and organoleptic analyses will be performed periodically.

Who on the winemaking team is involved in the trial? Do you/your team have any initial predictions or desired results you'd like to see?

Sailor: This will be a collective effort from our winemaking team and the cellar crew to make the trial happen and keep it as consistent as possible. I am most excited to see the yeast and bacteria analysis after the *Saccharomyces bayanus* inoculation. This will show what the trial yeast accomplished during the "holding period."

Are there any predictable complications you're trying to avoid?

Sailor: We have not started the trial at this point, but I can foresee a possible complication when we start. We may have limited tank capacity by the time the fruit comes into the winery, as well as when it is drained and pressed. This may create difficulty with keeping the trial lots separate and complete. We will just have to see when that time comes.

Based on the outcome of the trial and collected data, do you foresee making any adjustments to current winemaking practices? If so, to what benefit?

Sailor: We would love to see populations of spoilage organisms reduced, as well as good chemistry of resulting wines using the non-*Saccharomyces* yeast. We would more than likely use them for all organic grapes entering the winery to give us a head start on keeping the total SO_2 down but still having good bio-protection for the grapes and resulting wine.

After this trial is complete, will you and your colleagues repeat the experiment?

Sailor: We will apply the knowledge gained from this year's experiment towards making more wines made from organic grapes. As we approach 100 percent certified organic vineyards, these yeast strains will be applied to a plethora of grape varieties. **WBM**



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2020 Vineyard Survey Report Grape Glut, Replants and Disease

100%

Mark Greenspan

0%

YOU KNOW SOMETHING HAS changed when labor shortage and disease are not on the top of everyone's "losing sleep" list. Respondents to the 2020 Wine Business Monthly Vineyard Survey were asked to list their top three concerns for 2020 (FIGURE 1). Labor availability used to top the concerns list by a wide margin, but has fallen in its importance, perhaps in part because two new categories were added: "Grape Oversupply" and "Decrease in Consumer Consumption (of wine)."

EDITOR'S NOTE: The 2020 Vineyard Survey was completed in Dec. 2019/Jan. 2020 and reflects the top priorities, concerns and investments at that time. For more information, see the methodology.)

Glut is on Nearly Everyone's Mind

What is clearly on everyone's conscience is the issue of grape oversupply (60 percent of respondents) and grape prices (65 percent of respondents), both of which have overtaken labor shortages as a concern. Regionally, concern is greatest in the Lodi region (100 percent of respondents are concerned about oversupply), but even Napa growers, with their highpriced fruit, are still quite concerned (61 percent of them are). The Central Coast must not be feeling it yet, perhaps because that region is supplying high-quality fruit at prices that have not yet reached the stratospheric levels of the North Coast.

FIGURE 2 Biggest 3-year change in concerns (Percentage of winemakers that chose this issue)

0%	100%
Grape prices (2018)	36%
Grape prices (2019)	48%
Grape prices (2020)	65%
Labor shortage and costs (2018)	76%
Labor shortage and costs (2019)	71%
Labor shortage and costs (2020)	54%

2020 WBM VINEYARD SURVEY



Dr. Mark Greenspan has more than 30 years of scientific viticulture research and viticultural field experience. He specializes in irrigation and nutrition management, yield and canopy management, vineyard climate and microclimate, vineyard design and vineyard technologies. He is the founder of Advanced Viticulture, Inc. based in Windsor, California (www.advancedvit.com), providing consulting, technology and automation, vineyard management and vineyard development for wineries,

winemakers and wine growers devoted to producing premium wines. Please direct queries to mark@advancedvit.com or 707-838-3805.

FIGURE 1 What are your top concerns for 2020? (Choose three)

Grape prices	65% •
Grape oversupply	60%
Labor shortage and costs	54%*
Decrease in consumer consumption	32%
Pests/diseases (Pierce's Disease, leafroll, Red Blotch, etc.)	27%
More laws and regulations	24%
Water availability	14%
Winery consolidation	9%
Succession planning	8%
Tax increase	6%
Higher vineyard prices	4%
Negative national or international event(s)	4%
Imports	2%

2020 WBM VINEYARD SURVEY



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2020 Vineyard Survey Report Grape Glut, Replants and Disease

Over the last few years (FIGURE 2), concern surrounding grape prices has escalated sharply, representing a rapid departure from a seller's market to a buyer's market. In some regions, fears exist that grapes can't be sold at prices that can pay farming costs. Vineyards cannot simply be mothballed and put away for better markets. If not pulled out entirely, they must be pruned, suckered, sprayed, etc.-regardless of whether fruit comes off them or not. Some operations can be short-cut, like some canopy management operations and stretching of mildew sprays. But farming a vineyard is expensive, and the current market will necessitate some growers operating at a deficit the next year, and maybe for up to three years. This could lead to a shake-out in some businesses and a possible softening of vineyard real estate as well. It's a bummer for sure, but a natural part of the business cycle.

Less than one-quarter of respondents stated that their profits and revenues hadn't changed in 2019 relative to 2018 (FIGURE 3), while a full 25 percent indicated a loss of 10 percent or more relative to 2018, which is disturbing, but not surprising. At least some growers saw increased profits and revenues, but those that got hit in 2019, got hit hard. The regions hardest hit did not include Napa to as great an extent as the other major regions represented.

FIGURE 3 How were your profits and revenues in 2019 compared with 2018?

	Profits	Revenues
Higher by more than 10%	8%	11%
+10%	7%	7%
+5%	10%	11%
+1-2%	6%	4%
No change	23%	21%
-1-2%	5%	3%
-5%	6%	8%
-10%	10%	9%
Lower by more than 10%	25%	25%

2020 WBM VINEYARD SURVEY

A full 47 percent of respondents reported they were not affected by the oversupply in 2019, which is good to hear. It was Napa growers (62 percent) that reported not being affected by the oversupply, while only half of Sonoma respondents reported no impact (FIGURE 4). Lodi was the region most impacted by the oversupply, with 31 percent saying they left fruit on the vines and 46 percent saying they sold fruit for low prices. I am fairly sure, though I hope I am wrong, that the percentage of those leaving fruit on the vines and/or selling fruit at a lower price will increase in 2020.

FIGURE 4 How did the abundant 2019 harvest affect your vineyard business?

Was not affected by oversupply in 2019	47%
Napa	62%
Sonoma	49%
Lodi	23%
Central Coast	39%
Left fruit on the vine/did not harvest	21%
Napa	12%
Sonoma	17%
Lodi	31%
Central Coast	18%
Sold fruit for lower-than-expected price/	
took a profit loss	15%
Napa	8%
Sonoma	13%
Lodi	46%
Central Coast	24%
Found new or additional grape contracts	7%
Napa	4%
Sonoma	4%
Lodi	0%
Central Coast	13%
Added more storage capacity (tanks, barrels, case good	
in the winery	4%
Napa	4%
Sonoma	6%
Lodi	0%
Central Coast	5%
Put more grapes on the bulk market	4%
Napa	8%
Sonoma	9%
Lodi	0%
Central Coast	0%
Added more SKUs to previous wine portfolio	1%
Napa	4%
Sonoma	2%
Lodi	0%
Central Coast	0%
2020 WBM VI	NEYARD SURV

A longer-term market decline could be indicated by what 32 percent of respondents claimed as a concern, which is a decrease in consumer consumption of wine. Personally, I believe that to be a short-term trend. Wine has and always will be a part of our lives and, while alternatives have come and gone, wine continues to be there in the background, sometimes stepping forward and sometimes giving other beverages their time to shine. Right now, it's the latter, but wine will step forward again, and your grapes will be sought after. That said, the wine industry needs to attract customers and may need to rethink their behavior regarding varietal labelling and bring new and exciting blends to certain markets. But marketing lies well outside of my expertise so I'll end my discussion there.

If anything, the grape glut has given growers something else to worry about besides pests and diseases, laws and regulations, and water scarcity. But we all know that those aren't going away and we'll need to keep active on those fronts as well.

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2020 Vineyard Survey Report Grape Glut, Replants and Disease

Sustainability

A question was asked about the classification of the majority of each respondent's vineyards as it pertains to sustainability (FIGURE 5). Overwhelmingly (73 percent), growers classified themselves as sustainable, and that was true in every major growing region. Psychologically, who would consider themselves to be anything but sustainable, if they are not classified as organic or biodynamic? I mean, who would ever fancy themselves to be unsustainable as a business and as a steward of their own land? So, forgive my curmudgeonly attitude, but I think the term "sustainable" has become a surrogate word for "none of the above." Having said that, the sustainable movement, if we can call it that, has improved the practices of farming in all segments of the market. It has caused growers to reconsider practices previously made without thought or based on generic guidelines that were sometimes not only detrimental to the environment, but also costly to their business.

FIGURE 5 DO YOU CONSIDER MOST OF YOUR vineyards to be farmed using

practices that are... (check all that apply)

^{0%} Sustainable	100% 73%
Conventional	27%
Organic	16%
Biodynamic	7%
Whatever is most economical	5%
Don't label me!	2%
	2020 WBM VINEYARD SURVEY

There was some regionality to the responses and Lodi won the sustainability contest, with 100 percent of them placing themselves in that category-as they should, since they famously developed the Lodi Rules sustainability certification, upon which many other certifications are based. We added the "Don't label me!" category this time and Lodi also led the pack with that response. I'm with them. Why do we need to label ourselves so much?

About one-quarter of respondents labelled themselves as conventional. Since one can be both conventional as well as sustainable, that is not to say that those who stated they were conventional were a bunch of chemical-wielding nozzle heads. Yet, the number of conventional growers equaled the sum of organic and biodynamic growers, suggesting that most growers have still not fully ventured into those practices.

Vineyard Removal and Replanting

Gowers were asked if they would be planting vineyards on new ground not previously used for winegrapes (FIGURE 6A). Only 21 percent said they were doing so. Considering the state of the market, I wonder why so many answered in the affirmative, and I also wonder if some of those who responded in the affirmative have already decided to wait it out. Interestingly, of the main regions responding to the survey, Lodi had no growers stating they would be developing new ground. The market there is very tight and the issues they are having with the spread of virus by mealybug is severe, so it's no wonder why no one wants to plant a new vineyard there. Even then, why bring more fruit to a market that is already not looking for anything new?

On the other hand, vineyard removal in such a market makes sense, especially if the vineyard has been underperforming. Only 6 percent of the respondents stated that they would be permanently removing vineyard acreage this year. But by permanent, that means no more grapes on that land. Almost all tear-outs seemed to be indicated in the Lodi region, for which some growers are giving up on at least some of their land (FIGURE 6B). No permanent tear-outs are planned for Napa, according to this survey, but new vineyard plantings in Napa are very difficult to permit, so there is no doubt why no one wants to take out any vineyards from production there. For those few who are taking vineyards out of production, the main reason given was as expected: lack of demand for grapes or at least that grape revenues fall short of the cost of farming. Some will be replanting to another non-grape agricultural crop (Lodi and Central Coast only). Although it wasn't asked, I presume some are planting nuts.

FIGURE 6A Will you be developing new vineyard acreage on land not previously used to grow winegrapes?



FIGURE 6B Will you be permanently removing vineyard acreage in 2020?

0%	100%
No	<mark>94</mark> %
Yes	6%
	2020 WBM VINEYARD SURVEY

For those who are replanting vineyards (about 40 percent of respondents), the reasons are scattered and fairly typical, including changing to mechanization, changing varieties, old vineyard replacement, disease and other modernizations, such as spacings and rootstock changes.





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2020 Vineyard Survey Report Grape Glut, Replants and Disease

Disease

I found the response to the question about Red Blotch interesting. The question about whether your vineyard likely has Red Blotch virus was answered in the affirmative by only 30 percent of respondents (**FIGURE 7A**). While I hope that only 30 percent of those growers have Red Blotch in their vineyards (actually, I would hope even lower), I'd be surprised if only 30 percent of them really had it. Some may have not tested their vines and are in denial but, unfortunately, my feeling is that is closer to 50 percent of growers really have it—maybe even more. Regionally, most of the Lodi respondents denied having it. This could have been because of the devastating leafroll epidemic in that region that is possibly overshadowing any concern over Red Blotch, though that is not supported by data below. Sixty-one percent of Napa respondents and 41 percent of Sonoma respondents admitted to having Red Blotch in their vineyards, while the Central Coast growers' responses were between those levels.

FIGURE 7A Does your vineyard likely, or certainly, have Red Blotch virus?

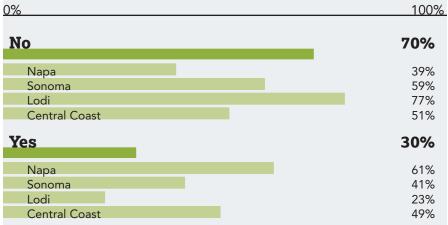


FIGURE 7B If yes, what will you do within 3 years as a response?

Replant vineyard	<u>100%</u> 24%	
Modify nutrient management	21%	
Nothing	20%	
Other (please specify*):	16%	
Reduce crop	10%	
Use a ripening-enhancement spray	6%	
Modify irrigation management	1%	
Accept lower grape prices	1%	

"Other" answers: In the middle of a 10-year replanting program; Monitor and remove affected vines; Partial replanting annually.

2020 WBM VINEYARD SURVEY



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What are growers planning on doing with their Red Blotch-infected vineyards? Of course, most (almost one-quarter) of them are planning on replanting the vineyard (**FIGURE 7B**), something that needs to be done when the disease incidence is greater than can be managed by rogueing and replanting of individual vines. Speaking of that, spot rogueing and replanting was left out as a response, so most of the "other" responses indicated that practice, which is highly advised for any vineyard having symptomatic vines. Others point to modifying nutrient management practices and reducing crop. While the current university research finds those to be ineffective, anecdotal evidence suggests that some level of late-season potassium and nitrogen fertilization and some crop reduction can partially mitigate the effects of Red Blotch, but more on the sugar accumulation aspect of maturation than the color, flavor and phenolic maturation processes, which are not greatly affected by changes such as those.

On the other hand, the color, flavor and phenolic development can be impacted by irrigation deficit stress imposed during key phases of berry development. Curiously, only 1 percent of respondents said they plan on modifying their irrigation management as a response to Red Blotch disease. I suppose more curious than that is that 20 percent admit to doing nothing in response to Red Blotch, even if they have it. While that may be a response to the current down market, leaving Red Blotch vineyards alone and without any plan is a mistake. Red Blotch virus will spread and your neighbors won't appreciate you leaving in your pool of nasty stuff. That said, perhaps the mitigation techniques I touched on above (nutrition and irrigation modification) are counterproductive in the long-term and we should not be perpetuating the virus by leaving diseased vines out there. **Ozone** is a proven disinfectant, ideal for surfaces, tanks, drains, hoses, bottling lines, floors and much more.

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2020 Vineyard Survey Report Grape Glut, Replants and Disease

Similar to Red Blotch, a small minority of survey respondents admitted to having leafroll virus in their vineyards (FIGURE 8A). Amazingly, only 23 percent of Lodi respondents reported having leafroll, so my initial assumption about the lack of Red Blotch being reported isn't backed by the "overwhelming leafroll." Reports of the leafroll epidemic in Lodi are not represented here by these responses. The highest response was from Napa growers, 43 percent of whom stated that they have leafroll in their vineyards.

FIGURE 8A Does your vineyard likely, or certainly, have leafroll virus?

0%	100%
No	80%
Napa	57%
Sonoma	70%
Lodi	77%
Central Coast	69%
Yes	20%
Napa	43%
Sonoma	30%
Lodi	23%
Central Coast	31%

FIGURE 8B If yes, what will you do within 3 years as a response?

0%	100%
Replant vineyard	29%
Modify nutrient management	27%
Nothing	23%
Other (please specify*):	13%
Reduce crop	6%
Modify irrigation management	2%

"Other" answers: In the middle of a 10-year replanting program; Modify all cultural practices that might help; Monitor and rogue certain plants; Test vines and remove if infected.

2020 WBM VINEYARD SURVEY

Grower responses to what they will do to manage leafroll were quite similar to those for Red Blotch (**FIGURE 8B**). Again, the select rogueing and replanting option was not presented as an option, but it was a large part of the "other" response, based on comments. Almost 30 percent plan on replanting their vineyard because of leafroll virus, yet 23 percent plan on doing nothing as a response. Again, leaving virus-infected vineyards in place for extended amounts of time and in the presence of insect vectors (mealybug) harms neighboring vineyards. But vineyards are a business, and getting the most out of the vineyard investment is important. So, irrigation, nutrient and crop load management exist as ways to mitigate the impact of virus to some extent. Twenty-seven percent stated that they would use nutrient management as a tool, while far fewer indicated either irrigation modification or crop reduction as tools to manage leafroll-affected vineyards.

The grape oversupply issue will resolve itself, but from what I've heard, it will be many years before we start to build strength again. In the meantime, this is a good time to look at your diseased vineyards and make plans for replacement so you are well-positioned when the market rebounds. WBM

Methodology

The 2020 Wine Business Monthly survey went out earlier in the year than normal, in order to get it more on track with other events in the industry. So, thanks to the 210 growers who responded to the survey this time, even though the interval between annual surveys was shorter than in years past. Of the 210 respondents, almost two-thirds were growers only, and one-third were wineries with vineyards. Half of respondents represented vineyards in the North Coast of California, with the Central Coast represented by almost 20 percent of respondents (many had vineyards in more than one region). Almost 25 percent had vineyards in Washington and Oregon, while interior California, including valleys and foothills, were represented by 17 percent of respondents.

Vineyard operations 50 acres in size and smaller were represented by 65 percent of the survey respondents, while 25 percent of respondents indicated vineyard acreages of 100 acres and above. The acreage distribution represented by survey respondents was very similar to that of 2018 and 2019.

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grape growing

Athena: A New Training System for Bunch Winegrapes

Rachael White, Clark MacAllister, Nathan Eason, John Scaduto, Melissa Mattee, and Cain Hickey



FIGURE 1: Above-head view of Athena, showing the "V"-shaped nature to the divided canopy.

Rachael White, former graduate research

assistant at the University coordinat of Georgia, current of Georg vineyard manager at Lumpkin Stonewall Creek Vineyard Counties

Clark MacAllister, county extension coordinator, University of Georgia Extension, Lumpkin and Dawson Nathan Eason, county extension coordinator, University of Georgia Extension, White County

John Scaduto, county extension coordinator, University of Georgia Extension, Rabun County

Melissa Mattee, agriculture and natural resources agent, University of Georgia Extension, Fulton County

Dr. **Cain Hickey**, viticulture extension specialist, University of Georgia

RACHAEL WHITE

OVER THE PAST SEVERAL YEARS, the University of Georgia Extension viticulture team has developed Athena, a new training system for bunch winegrape production in Eastern United States vineyards. The Athena system was designed to combine canopy and fruit zone division in order to increase leaf exposure and fruit production while using cane pruning, in an attempt to attenuate vigor and to reduce springtime shoot thinning requirements. Athena can be implemented in new vineyards but also as a retrofit in existing vineyards—particularly in those using the vertical shoot positioning (VSP) system—as only minor modifications are required to convert that training system to the Athena.

Concept of Design

Various combinations of pruning, trellising hardware and training techniques have resulted in the creation of several training systems, such as the Smart-Dyson, Scott Henry, Geneva Double Curtain (GDC), Lyre, VSP and Watson systems. Training systems often evolve and become adapted using minor modifications to aid in the production efficiency, or to optimize the quality and quantity of grape crops from regionally important cultivars. For example, the Watson system is a modification of the standard high wire system to improve spray penetration and reduce bunch rot in the production of Pierce's disease-tolerant hybrid bunch winegrapes in the Southeastern United States (White *et al.*, 2020).



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One of the most common training systems used for winegrape production in the Eastern United States is bilateral cordon training with spur pruning and VSP (Hickey and Hatch, 2018). The VSP system is a single-canopy system that is less expensive to establish than divided canopy systems because only wires and posts are required for its construction. The VSP system also allows for narrower row spacing and, thus, greater vine planting densities when compared to divided canopy systems. VSP is often the system of choice for upright-growing cultivars that have low to moderate vigor, while the Lyre system is a divided canopy system used for more vigorous, upright-growing cultivars, or for vine cultivation on sites with excessive soil mineral nutrient and water availability.

Cordon training with spur pruning often requires extensive shoot thinning in the spring to remove unfruitful, or less fruitful, shoots arising from grapevine wood that is two years or older (Hickey, 2019). These shoots are generally undesirable because they crowd the canopy, limit light and air movement, and hinder spray penetration, yet often only modestly contribute to crop yield. Dormant pruning can be mechanized in cordon trained vineyards; however, shoot-thinning in the spring can be highly laborious in cordontrained vineyards. Cordon trained, spur pruned vines are ideally thinned to three to five shoots per linear foot of cordon in a single-canopy trellising system. A very narrow window of opportunity exists for proper shoot thinning in the spring. Failure to complete thinning before shoots lignify at the junction with the cordon or grab neighboring shoots with tendrils can result in urgency (unclear what this refers to) and possible damage to retained shoots. The alternative to bilateral cordon training and spur pruning is head training with bilateral cane pruning, also referred to as "cane replacement" pruning (Hickey and Hatch, 2018). Head training with bilateral cane pruning involves selecting a cane (previous season's green shoots, one-year-old wood) on each side of the trunk and securing these canes to the fruiting wire. When necessary, some canes in the head region are pruned back to two-bud spurs to serve as a site for replacement canes to be used in the forthcoming season. Fruitful shoots typically emerge from buds along the cane. Cane pruning does not require extensive shoot thinning as unfruitful shoots are generally produced from the head/crown region (where trunk and fruiting wire meet) of the vine. Whereas cordon training/spur pruning requires timely and extensive shoot thinning in the spring, head training/cane pruning involves greater hand labor in the dormant period to select canes and tie them to fruiting wires (Hickey and Hatch, 2018).

While cane pruning has become more popular in the Eastern U.S., some studies have reported an approximately 40 percent reduction in crop yield with cane pruning compared to cordon training with spur pruning (Howell *et al.*, 1987). The fruitfulness of specific buds along canes varies across cultivars; therefore, the pruning method will differentially impact crop yield across cultivars. The Athena, thus, may be desirable for growers who wish to trial cane pruning in their vineyard.

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The Athena system may appear similar to the Lyre system. In principle, the two systems are similar. However, some of Athena's distinguishing features are as follows:

- It may be an easy retrofit from a single-canopy system (such as VSP) in which between-row spacing can be 10 feet or less;
- It employs annual quadrilateral cane pruning compared to the quadrilateral cordon training with spur pruning generally used in the Lyre system;
- Its structure accommodates quadrilateral cane pruning through a narrower fruit zone division than the Lyre; and
- Its canopy is trained into a "V"-shape above the fruit zone, while the canopy in the Lyre system is trained vertically.



FIGURE 2: Above-head view of head training with quadrilateral cane pruning.

Putting Concept into Practice

Athena was initially tested as a retrofit in an established Petit Manseng vineyard trained to VSP with bilateral cordon training and spur pruning, the suggested training system for this modest-yielding, late-ripening, white-berried cultivar that is growing in popularity in the Eastern U.S. The idea of a retrofit was desirable as it would preclude the need to rip out and re-establish a vineyard, the act of which can inhibit commercial crop yields for four or five years. The retrofit was an attempt to improve crop yield, maintain fruit composition, and optimize vine health and sustainability.

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At time of trial initiation, the vineyard was seven years old, with 6 feet between vines and 9 feet between rows (**FIGURE 1**). Preliminary results showed that Athena (without shoot thinning) produced greater crop yield while maintaining similar primary fruit chemistry relative to VSP with bilateral cordon training (with shoot thinning to four shoots per linear foot of cordon).

Pruning

Athena uses head training with quadrilateral cane pruning (four canes total, tied to two horizontally separated fruiting wires) and a V-shaped, divided trellis structure (FIGURES 1, 2 AND 3). In an attempt to increase fruitful bud number per linear foot of trellis, Athena uses four canes—twice that of standard, bilateral cane pruning (FIGURE 2). Two fruiting wires are separated by 14 inches using a cross arm that is fastened to trellis posts at 36 to 42 inches above the ground (FIGURES 2 AND 3). The canes are laid in an "X"-shaped pattern extending from the head region of the vine onto the horizontally separated fruiting wires.

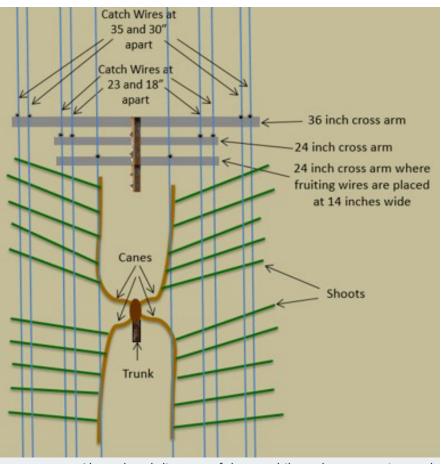


FIGURE 3: Above-head diagram of the quadrilateral cane pruning and "V"-shaped canopy division.



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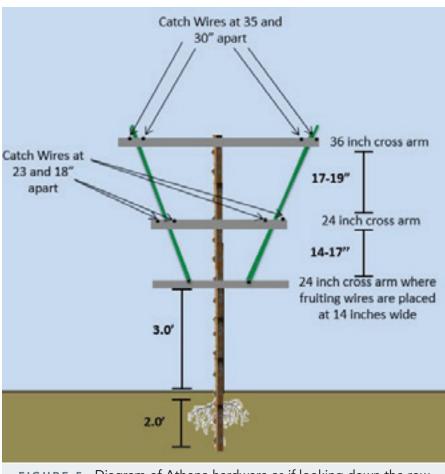


FIGURE 5: Diagram of Athena hardware as if looking down the row.

Trellising and Training

Athena divides the VSP trellising system to create two, horizontally offset canopies. The shoot training is accomplished via two cross arms (or more, if greater shoot support is desired) placed on vineyard trellis posts. The cross arm placement gives the divided trellising its V-shape and, with proper shoot positioning, increases the leaf area exposed to sunlight when compared to standard VSP (FIGURE 4). The first cross arm is two feet long with a set of catch wires in notches at 23 and 18 inches apart. The second cross arm is three feet long with a set of catch wires in notches at 35 and 30 inches apart (FIGURE 4 AND FIGURE 5). The canopy division in Athena reduced canopy density by 56 percent when compared to standard VSP (White et al., 2020).

Leaf area index was increased by 60 percent in a divided canopy (with the same hardware specifications and dimensions as Athena) when compared to standard VSP (White et al., 2020). With high bud densities (as with the adopted quadrilateral cane pruning practice of Athena), the increased exposed leaf area that results from canopy division can enhance radiation interception and is anticipated to maintain a healthier vine-carbon balance, relative to crowded, highly self-shaded canopies (such as those observed in high vigor vines trained to VSP). Reduced canopy congestion is expected to enhance foliar drying and spray penetration through the canopy. To reduce canopy congestion, shoots should be removed from the bases of the canes and from the head region of the vine. Aggressive fruit zone leaf thinning may also aid in spray penetration through the horizontally divided fruit zone, which may be particularly important in rot susceptible cultivars.

In order to maintain the benefits of canopy division, it is important that the canopy middles are open and free of lateral growth. Shoot positioning into the divided catch wires must occur as soon as shoots are long enough to reach the first catch wire and before tendrils grab neighboring shoots. Aside from the differences in dormant pruning strategy and decongesting the middle of the divided canopy, the Athena system can be managed similarly to VSP and Lyre in terms of shoot positioning, shoot training and shoot hedging.



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CAIN HICKEY

FIGURE 4: Greater leaf area is exposed to sunlight in the divided canopy. This is shown within the retrofitted V-shaped trellis structure.

Crop Yield and Fruit Composition

The Athena system increased crop yield in the above-mentioned Petit Manseng vineyard by 47 percent in 2017, 79 percent in 2018 and 62 percent in 2019, when compared to VSP with bilateral cordon and spur pruning (and shoot thinning to four shoots per foot of cordon) (**TABLE 1**). In our studies, those annual percent increases amounted to an absolute crop yield increase of 1.77 tons per acre in 2017, 2.75 tons per acre in 2018 and 2.03 tons per acre in 2019 (**TABLE 1**). The sugar concentration of the fruit (Brix) was unaffected by pruning and trellising treatment.

TABLE 1 Petit Manseng Crop Yield and Brix in Athena Comparedto Standard VSP with Bilateral Cordon Pruning							
	Athena ¹		VSP with Bilateral Cordon ¹				
Year	Yield (tons/acre)	°Brix	Yield (tons/acre)	°Brix			
2017	5.54	24.12	3.77	24.42			
2018	6.22	22.55	3.47	23.12			
2019	5.28	24.50	3.25	24.40			

NOTE: Spacing was 6 ft between vines and 9 ft between rows. Athena was not shoot thinned; VSP was thinned to 4 shoots per linear foot of row.

The goal of this experiment was to evaluate crop yield and fruit chemistry responses when implementing Athena as a retrofit in a VSP-trained vineyard with narrow between-row spacing. The Athena trellis has a divided fruit zone and, therefore, greater bud amounts per linear foot of row compared to a non-divided training system such as VSP. Comparing the performance of Athena and Lyre would provide important information to those considering a horizontally divided canopy system for a new vineyard. Results of trials in vineyards with other cultivars are still preliminary, and findings will likely differ across site and cultivar.

Limitations

There is no single, universally "best" trellising and training system for all types and cultivars of grapes, sites, soils, management and labor. The Athena system is no exception. While the results with Athena have been encouraging, there are limitations. Initial costs are higher because of the three to four cross arms that are necessary to divide the canopy and fruit zone, and the four extra wires to maintain canopy division (TABLE 2). However, those one-time input costs could be quickly recovered if repeated, perennial crop increases and/or wine sales are realized (TABLE 2).

While climatic and soil conditions in the Eastern U.S. are generally conducive to ample vine vigor, implementing quadrilateral cane pruning may reduce vine size over time where vine growth is already limited by other factors such as the combination of cultivar, rootstock and site. Another concern of cane pruning is that the retention of canes as fruiting wood may result in a greater probability of Pierce's Disease (PD) infection relative to spurs (Varela *et al.*, 2001).

Standard VSP with Bilateral Cordon Pruning							
	One-time input costs			Crop yield			
System	Wires Needed	Wire Cost (per acre)	Cross Arms	Total Cost¹	Crop Yield² (tons/ acre)	Fruit Sale³	Wine Sale⁴
Athena	10	~\$1,450	\$8.50 per post	~\$3,100	5.7	\$9,700	\$71,700
VSP	7	~\$1,100	N/A	~\$1,100	3.5	\$5,900	\$44,100

d Crop Vield Comparison Bet

¹Costs evaluated per acre assuming the same vine and row spacing and does not include posts, labor, end post structures, or any other variable costs. Costs are reflective of the use of three total cross arms, including the fruit zone; costs will increase if additional cross arms and wires are employed.

 $^{\rm 2}$ Crop yield calculated as an average of all of crop yield data reported in TABLE 1.

³ Fruit prices based on \$1,700 cost estimate per ton.

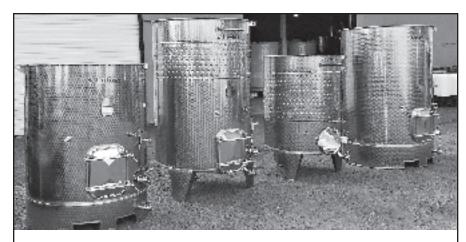
⁴ Wine produced based on 100 gallons of wine produced from one ton of grapes. Price point based on \$25 cost per bottle of wine. Estimated revenue in wine sales does not account for wine production or packaging costs.

If bird netting is deployed at *veraison*, the Athena system will require over-row netting to prevent birds from entering the middle of the canopy. Extra labor may also be required to maintain canopy separation and to harvest two fruit zones instead of one. Additional research and experimentation are required to further define the labor inputs of Athena compared to other popular training systems.



FIGURE 6: A modified version of the Athena system put in place by Eric Case that reduces the cross arm obstruction into the row by using shorter cross arms.





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Athena should not be adopted if there are concerns about vineyard equipment hitting the cross arms: for instance, in vineyards with row spacing of less than 9 feet, planted across extreme slopes, or with the use of tractors and equipment with wide wheelbases. Because Athena utilizes a 3-foot-long cross arm, it will effectively reduce row width by 3 feet. However, these issues are of less concern for newly established vineyards in which ample row spacing can account for equipment size and the trellis hardware used in the Athena system.

For growers wishing to retrofit established vineyards with narrow-row spacing or on a heavily sloped site, there are several modifications that can reduce the spacing necessary to implement Athena. Installing shorter trellis cross arms at the top of the post would limit canopy division and preclude the creation of a V-shaped canopy, but would reduce cross arm extension into the row and save space for the passage of vineyard equipment. It is anticipated that crop yield and leaf area exposed to sunlight would be greater in the modified Athena when compared to standard VSP. A shorter cross arm at the fruit zone may slightly reduce cost and reduce the between row spacing needed to implement the divided fruit zone (**FIGURE 6**).

Conclusion

In summary, Athena is a combination of trellising and pruning methods that may increase crop yield per unit land without decreasing fruit quality. Athena can be implemented in newly planted vineyards or used to retrofit some currently established VSP vineyards to obtain the benefits of cane pruning with a divided canopy. The ability to retrofit will be highly dependent on row spacing and width of equipment. While preliminary results from an already established Petit Manseng vineyard are encouraging, further studies need to be conducted on different cultivars, in different regions, and over longer time periods.

The Athena system is likely to be best implemented on a site with ample soil nutrient and water resources to support the growth of two canopies and the ripening of extra crop. It may also be best to try on cultivars that are low- to modest-yielding (such as Petit Manseng or Traminette), have low basal bud fertility (such as Sauvignon Blanc), and/or produce excessively vegetative canopies in which vigor may be offset by the retention of greater bud numbers (such as Cabernet Sauvignon, Sauvignon Blanc or Traminette). WBM

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sales & marketing

Virtual Wine Tastings Become Key Consumer Engagement Tool

With many tasting rooms ordered to close due to novel coronavirus concerns, wineries turn to social media and meeting platforms to keep their club members connected with their brands via virtual tastings, though some are using it to reach new consumers. Here's how they're doing it.

Erin Kirschenmann

CLOS DU VAL

WHEN CALIFORNIA'S GOVERNOR ORDERED the closure of all winery tasting rooms, bars and restaurants to the public, tourism came to a screeching halt, forcing the wineries in the state to come up with innovative ways to keep sales moving.

Traditional direct-to-consumer sales through the tasting room stopped, though many wineries reported a dramatic increase in e-commerce purchases. While curbside pick-up and hand-delivery became popular options, those were only solutions for local customers, and wineries needed to engage and reach club members and loyal purchasers hunkering down many miles away. Shipping deals and discounts became de rigueur, but wineries wanted to engage and offer more than just \$1 or complimentary shipping.

As physical, in-person meetings are banned and most Americans are sheltered in their homes, many have turned to the digital world to facilitate some semblance of socialization—the wine industry is no exception. With the desire to remain connected and less isolated, Zoom, FaceTime and other online meeting platforms skyrocketed in popularity. Wineries swiftly took note and the rise of the virtual tasting as a regular offering began.

Some of the first wineries to launch virtual wine tastings heralded from the Napa and Sonoma regions—two of the more traditional wine areas that rely heavily on wine and tourism industry dollars. If their customers couldn't come to them, they would bring wine country to their consumers. Once the initial rush to deliver a digital tasting passed, wineries invested in better tools, worked out the kinks and produced high-quality content across a few different platforms. They created virtual tasting packages, updated websites to facilitate easier e-commerce sales and diversified their programming.

Three types of virtual tastings emerged: The Personalized Tasting, The Live Stream/Group Tasting and The Happy Hour. Each evolved to fulfill a distinct need and to reach different categories of consumers. Some are geared toward



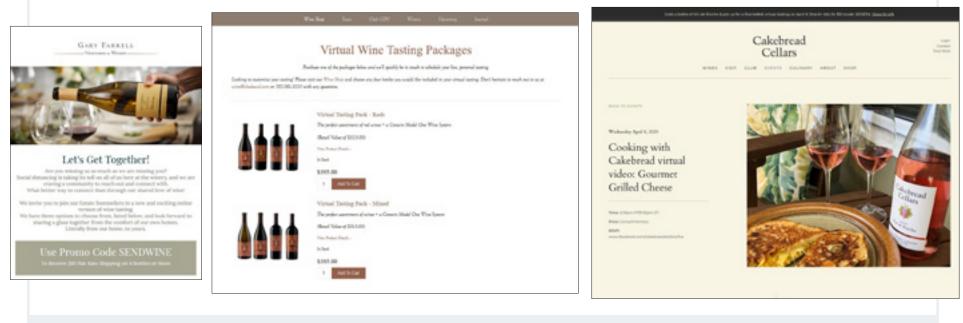
Erin Kirschenmann is the managing editor for *Wine Business Monthly* and has been with the company since 2012. In addition to production responsibilities for the monthly trade magazine, she writes about business, technology, sales and marketing topics, and oversees content for *WBM*'s eight conferences. She has spoken on industry trends at numerous conferences, including the Unified Wine & Grape Symposium and the World Bulk Wine Exhibition and guest lectures on wine, media and public relations. Erin has served as a judge in the Concours Mondial de Bruxelles since 2016 and at the Central Coast Wine Competition. She earned her Bachelor of Arts from Sonoma State University in communications with a journalism emphasis. Reach her at *erin@winebusiness.com*.

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Many wineries, like Gary Farrell Vineyards & Winery and Clos Du Val, developed special wine sets to accompany guided digital tastings. Others, like Cakebread Cellars, launched events that highlighted a wine and culinary pairing.

the loyal club member while others hope to engage a broader audience. According to Sandra Hess of DTC Wine Workshops, the best practices, technologies and sales packages can differ widely based on the model, but no model is inherently better—some are just better suited to each brand.

This article will look at the benefits and pitfalls of each type of tasting experience, best practices as well as the technology platforms needed, and how a handful of enterprising wineries have delivered on their digital promises.

The Personalized Virtual Tasting

Think of the Personalized Virtual Tasting as the intimate, wine-club only room of a traditional tasting room. Essentially a one-on-one tasting, this is meant to interact with audiences on a decidedly personal level and re-engage wine club members and brand loyalists.

For Shannon Muracchioli, director of marketing and DTC at Napa Valley's Clos Du Val Winery, a virtual tasting offering was a no brainer for her brand—and something she had been thinking about for a while.

"The funny or not so funny thing is it's been one of those items that's been up on the whiteboard in my office for a few weeks now. What I think the industry is trying to figure out is how you engage with your customer and stop expecting, especially from a DTC perspective, the customer to come to us? And that's not a new line of conversation. I think it's been going on for a few years, and the intensity of that conversation continues to pick up," she said. "I knew we needed to move forward on this and now it was the time to move it to the front burner."

Currently, Clos Du Val offers a virtual tasting experience at no additional cost to anyone who purchases four or more bottles at once or purchases one of two pre-determined four-bottle packages: one with red wine only and another that includes white wine. Included in those pre-set packages is a Coravin device at no additional cost to the consumer, but with the "at cost" price built into the package. By including the Coravin, she's hoping that her consumers, many of whom might be isolating alone or with one other adult, don't feel as if they need to pop the cork on all four bottles at once.

Once the purchase is made, the consumer receives an automatic email confirming the order and providing a link to reserve a "tasting" online. The customer chooses their time and a CDV employee follows up with a personalized menu and tasting sheets. Using Zoom, the Clos Du Val host will then lead the consumer through a tasting, virtually. "The environment will be exactly the same [as if they were at Clos Du Val], where the host will have the wine and be able to talk and be able to get up and show them pieces of the property," she said. "That's the other great thing about Zoom. It can be on your phone or a tablet, so we walk them around the cellar, walk them around the vineyards if we're on property—if we're allowed to be on property."

To help prepare her employees for this new type of experience, she set each of her hosts up with a Zoom account and did a few practice runs with them, providing guidance on where to look, what type of lighting to use and where to place it, and how to be more comfortable on camera. "Outside of those technical details, really they just need to do what they do best and be themselves," Muracchioli said.

While it's still early days for the winery, Muracchioli is optimistic that this will continue to evolve. "Now we're fully into a learn-by-doing process and that is the way it has to go. And I'm grateful that I have a team that's super comfortable with adjusting on the fly and making sure that we learn from every engagement and from every consumer comment," Muracchioli said.

Lindsay Hoopes, the proprietor of her family's winery, Hoopes Family Vineyards in Napa Valley, wanted to use a virtual tasting to bring awareness to the brand. She knew that she had to bring in specialized programs and open a direct dialogue with Napa to build that awareness and Zoom became her preferred platform.

"I wasn't sure how popular they would be because for people coming to Napa, it's about being in a different location with different vineyard views. I was skeptical at first," she said, adding that she has since become a convert. "I think for people who really do love wine this is the way they can stay connected."

During the first few weeks of the local shelter-in-place, she hosted a lecture, with wine tasting included, for students in a local college's wine MBA program. Hoopes is also starting to work with corporate clients, offering a guided tasting for their employees.

Hoopes is also partnering with chefs to create pre-recorded tutorials on recipes that pair well with her wines. "We're replicating the recipes to show that they are easy to execute at home, while talking about the pairing aspect," she said, adding that it was important to her brand to connect the wine with the culinary experience.







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Best Practices for This Type of Virtual Wine Tasting

The offerings from Clos Du Val and Hoopes are great examples of a digital version of a seated tasting; it's highly targeted to a specific guest and delivers one-on-one engagement.

According to Hess, the key to delivering a premium experience in this setting is to focus on the relationship. "Those are great opportunities for smaller, more intimate events, where camera share and interaction need to be higher," Hess said. "It's very much a two-way interaction."

Virtual tastings of this kind are best used on platforms like Zoom, GoTo-Meeting, Webex, FaceTime or other meeting software. "They're pretty reliable in terms of the environment. You have the streaming piece, the real-time live video interaction, etc., that I believe so far has launched the success of the private tasting experiences that are being offered," Hess said.

It even appears that the learning curve on meeting platforms isn't as steep as it used to be. Zoom recently reported that daily active user counts were up 378 percent and monthly active users were up about 185 percent. As more Americans learned (or rather, were forced) to work remotely, it seemed that their willingness to participate on platforms for non-work related meetings increased as well.

"One reason we're launching with Zoom is because there's some familiarity already, I think both internally as well as for any consumer that works in a business environment," said Muracchioli. "For us it seemed to be an easy one to start with, as far as allowing different hosts and having people engage in it."

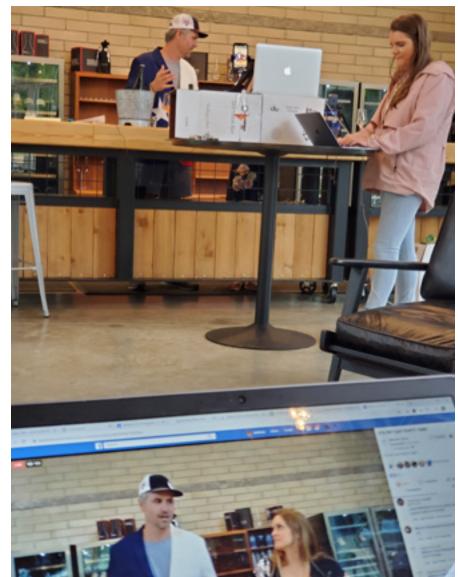
Because this type of tasting is dependent on engagement, there are a couple things to keep in mind when using platforms like Zoom. As Trey Busch, co-owner and winemaker of Sleight of Hand Cellars in Walla Walla, Wash., discovered, bringing in more than a dozen people onto a call can spell disaster. "Everyone's windows show up and it's fun to see them and have a conversation, but anything more than 15 is too many to talk to each other," he said. "That's the limiting factor in this; everyone wants to talk at the same time."

Some other tips to remember when delivering this tasting, according to Hess:

- Tasting time: Private, interactive tastings should last a minimum of 45 minutes to truly deliver that premium experience.
- Follow-up after the tasting to thank the guest, and perhaps offer them a complimentary tasting when they visit the winery next, to help build brand loyalty.
- Create a package (e.g., "Buy these four wines and we'll include the virtual experience") but don't limit it to expensive sets.
- Including a Coravin in the shipment is highly encouraged if a multibottle purchase is required. Or, offer multiple meeting sessions with each focused on a different bottle.
- Convert your online registration software to show virtual tasting experience times and availability.

The Live Stream/Group Tasting

The less formal cousin of the Personalized Virtual Tasting, the Live Stream/ Group Tasting is the solution for those who want to reach as many people as possible. This type of virtual tasting spends less one-on-one time with viewers, though interaction is not impossible. It tends to be less scripted and more of a chance to for a winemaker or owner to tell stories, show off the brand and, in a pinch, serve as a wine club release party. The Live Stream Tasting has emerged as one of the most popular virtual tasting formats, simply because of the ease in which it can be done.



VILLIAM CHRIS VINEYARDS

Every Saturday, Chris Brundrett of William Chris Vineyards hosts a virtual tasting through Facebook Live.

Busch is a regular user and poster on Instagram, and posts "often enough to stay relevant" on Facebook. A smaller brand, he confesses to not have thought much about video in marketing. "We hadn't progressed to that level as a winery, but now that we're having to rethink everything, we're using it as a tool to talk to customers and it has proved to be really fun," he said.

He turned to Facebook Live to host his virtual group tastings, enjoying the ease of it as well as the high video quality. Because the video can be simultaneously streamed to Instagram Live, he can reach more than 8,000 followers at once. He saw some added value in helping the content have a longer shelf life, since Facebook can record the video and post to his wall, ready to be viewed whenever the consumer wants to watch.

For his first tasting, he set up in his living room, ready to go with the flow, hoping to spend 30 minutes "on air." "It went by a lot faster than I thought it would and it was more engaging than I thought it would be. I thought this wouldn't feel as personal, but it actually was," he said.

With his business partner Jerry Solomon monitoring the comments section so he wouldn't get sidetracked and off topic, Busch ended up running live for nearly two hours, talking about two of his club-specific wines and music, another facet in his brand—"Sleight of Hand" is the name of a Pearl Jam song, and his tasting rooms also serve as a library of more than 2,000 albums.

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Virtual Wine Tastings Become Key Consumer Engagement Tool

"When we do a tasting, it is simply hanging out and talking about the wine and enjoying the scenery, and we tried to have that here."

Art Murray, Flambeaux Wines

The tasting garnered some decent ROI for him as well. In his first edition, he had about 150 people who stayed for the entirety of the tasting. Of those, 100 or so were names that he recognized as great customers or great friends, so re-engagement with loyal customers was high, but he also had messages from new, potential purchasers, who requested to be added to his email list.

"We're discovering new things about how to connect with the consumer because of this. It forced our hand in looking at new ways of reaching out to our mailing list and people who aren't customers yet," he said.

Similarly, Art Murray of Flambeaux Wines in Sonoma County turned to Instagram to connect with his followers, club members and fans—he also kept it informal and fun. "That's our brand, that's our style," Murray said. "That doesn't mean another way isn't the right way—it's just whatever fits your set up."

He explored several platforms before settling on Instagram, where he has 13,000 followers, enjoying the ease of use and avoidance of technical issues. Interactivity was also important, and he loved that he could choose to bring up the video and audio of an audience member to join in and "speak."

For his first tasting, he sat outside with his family with a beautiful vineyard as the backdrop, talking about the Flambeaux wine of the day, telling the story of the brand. He didn't require any purchase from his audience; instead he asked them to bring their own bottle of wine (or something stronger) to share.

"We brought people in and asked them what they were tasting. When we do a tasting, it is simply hanging out and talking about the wine and enjoying the scenery, and we tried to have that here," he said.

Like Busch, his first tasting went longer than expected. While he would prefer these tastings to run 15 to 20 minutes, he ran for nearly 40 minutes and says he saw great engagement. "The great thing about Instagram Live is you can see the analytics; you can see how long people are watching...you can see who jumped on and for how long."

Murray will continue to use Instagram Live to drive new followers and engagement with his brand. "We're thinking about trying to promote the live sessions and we're going to do them every two weeks and see if we can build a little bit of a following and a little bit of understanding for who we are."

Hoopes has been thinking about how to reach the next few wine-drinking generations and has invested heavily in social media content and brand presence, while also revamping the website. She is looking to go "Live" by leveraging the family's rescue animal sanctuary, hosting virtual tastings while there. "It was a fun idea to create content," Hoopes said. "We wanted to bring some levity to the situation and bring that fun tasting experience." In the coming months, they plan to introduce the latest wine club shipment and new vintages live.

Best Practices for this Type of Virtual Wine Tasting

Because this format focuses less on having all participants on camera, pretty much any platform can be used. While we've so far focused on Facebook and Instagram Live, YouTube Live, Vimeo and any webinar function in meeting software can also be used.

If you decide to go the social media route, expect there to be some drop off in viewers. Murray said that he saw people tuning in for a minute or so and "that's the reality of it." This is more common on Instagram, as Instagram Live lives in the stories section of the platform, where users are used to short, 15-second snippets. Attention spans on the platform are much shorter than on Facebook, YouTube Live or Vimeo, where longer videos are more the norm.

Keep content current and regular. Viewers of this type of virtual tasting like to have a routine – they know to tune in every Wednesday at 6 p.m. for example. Many of the wineries WBM spoke with felt having a group tasting like this once a week or every other week was the right way to go, so long as the wines that are tasted or stories that are told are innovative and fresh.

While the platforms offer chat functionality, the heart of the live stream is a presenter or host presenting outward. It can be challenging for the host to be high-touch and still present a thoughtful and coherent tasting, Hess said. As Busch noted, it was helpful for him to have his business partner manning the comments, and any winery delivering group presentations should consider having someone dedicated to watching and responding to the questions and discussion happening there.

Hess also recommended posting a call for questions—ask people through your Stories or a post what questions they want answered. Write those questions down on index cards, along with who asked and where they're from, and give a callout on air. It will help alleviate some of the pressure of needing to answer all the questions in the chat live.

Hess said that the videos that see the highest engagement are those that feature couples. "The highest engagement and interaction, in comments and in views, are happening with husbands and wives and I love it because we're already quarantining together, they're already sheltered in place together so they can be really creative," Hess said, adding that, if possible, leverage the family to offer meaningful and relatable content.

The Happy Hour

It's 5:00 somewhere, right? While for many the concept of time has slipped a little during quarantines, the desire for a drink to celebrate the end of another workday has not. The Happy Hour Virtual Tasting has emerged as one way of engaging audiences while adding a bit of levity to a brand.

Like many other brands, William Chris Vineyards had been thinking about offering some sort of digital tasting option, according to senior director of marketing Leah Derton, but got a little extra push as the state closed winery tasting rooms. "We didn't have



WILLIAM CHRIS VINEYARDS

time to overthink or overengineer it. It was just, what's the best solution to engage and go live?" she said.

This brand has incredibly engaged club members, so the team wanted to create a space for its members to hang out, connect and see a familiar face. Through Facebook Live, winery co-founder Chris Brundrett hosts a live virtual tasting of four wines (sold online as a variety pack) every Saturday. While he tells stories, the community can still talk to each other through the comments.

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Checklist: Practices that Make Sense No Matter The Tasting

1. Check the WiFi. Speedtest.net is a great website to check the speed of your internet connection. As video and audio capabilities require a lot more bandwidth, see if you can plug directly into a modem rather than rely on WiFi. If that's not an option, use a dedicated network or make sure other users (co-workers, spouses, children, etc.) stay off the network at tasting times.

2. Be mindful of your background. Whether the host is at the winery, in the tasting room, or at home, put some thought into setting up where there is plenty of light and, most importantly, a non-offensive background.

3. Lighting is critical. Just like on any movie set, lighting and sound matter. Amazon has affordable lighting options (think \$30 to \$40), including ring lights, considered to be the most flattering. Consider a tripod and remote to keep movement to a minimum.

4. Check the sound quality. Many have found that the audio quality on iPads and laptops is often better than on smartphones, but if you're broadcasting or streaming from a remote location, or constantly moving around, that may not be an option. Consider purchasing a small microphone from Amazon to ensure the best quality possible.

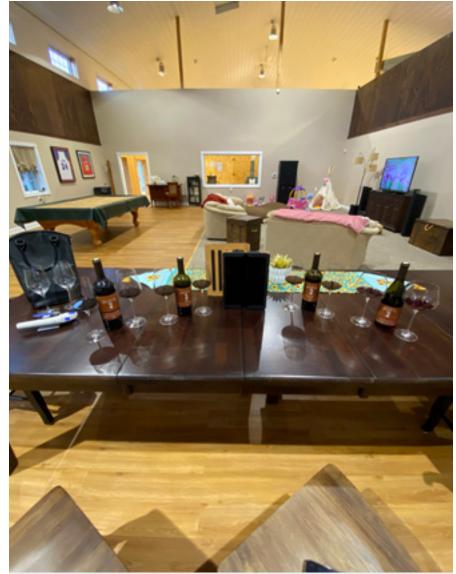
5. Stagger your start times. As many users discovered in late March, meeting and social media platforms were overwhelmed and congested at popular meeting start times, such as 5:00 p.m., 5:30 p.m., 6:00 p.m. and 6:30 p.m., causing lag times and other audio/video quality issues. When this happens, providers need to switch new users and hosts onto different server farms. Hess suggested starting your virtual tastings at non-peak times, including 4:45 p.m. or 5:05 p.m. to ensure a smooth delivery.

6. Give some thought to what you want to talk about. Don't expect to just turn on the camera and deliver high-quality content. Without creating a full script, think about what you want to say, the stories you'll tell, questions you can ask your audience and, most importantly, how you'll make it different from every other virtual tasting.

7. Record the tasting to use for marketing purposes. Use the content to create clips, short videos and teasers that can be posted to social media or on your website. Remember, web pages with video often see better SEO than those with text only.

8. Familiarize yourself with video editing software. QuickTime and iMovie are simple and free video editing software tools. You don't need to make an Oscar-worthy film, but it's easy to add title cards, cut clips and add subtitles (and any non-live video posted to social media should have subtitles) to extend the life of a tasting once it's over.

9. Update your website to include the tastings and events. Consider your virtual tastings part of your event calendar and experience catalog. Make sure they're easily found on your website.



CLOS DU VAL

Though tasting from home, these Clos Du Val wine club members set up a formal wine tasting.

Additionally, every Monday through Friday at 5 p.m. fans new and old can also tune in to Facebook Live, where William Chris Vineyards' D Thompson leads a happy hour event. As the director of experiences and education at the winery and a certified sommelier, he's a natural teacher, and uses this opportunity to bring the wine school he runs for the winery staff to winery fans.

There's no pretense or pressure, as Derton puts it, and D loves to engage with the participants, giving shout outs to first time participants and, most importantly, ask the viewers what they're drinking.

The success in this type of virtual tasting is two-fold: it needs a charismatic and energetic host, and the content needs to consistently evolve so that watchers new and old feel like they've spent their time wisely. "The reason they are successful is because he features a new wine and topic every day while keeping the consistency and community aspect. It's a nice routine but with brand new content every day, with new things to learn," said Derton.

Topics for the 20- to 25-minute Happy Hour segment range from batonnage and what varieties grow well in the Rhône to how to choose the right glassware. Most of the content is geared to a broader audience, though he does dive into what he calls the "Wine Nerd" segment and geek out over some aspect of winemaking or viticulture. To add some levity and build a little action, he'll throw out a multiple choice question and let participants comment with the letter of what they think the correct answer is.

Supporting him are Derton and Anthony Harvell, director of sales and operations, as well as other tasting room employees, who monitor the comments and chats. They're tasked with answering questions like "Where can I order that wine?" or "What's the blend on the Skeleton Key?" and generally conversing with members through the comments.

Once the lockdowns are over, Derton says they might continue the Happy Hours, but on a more infrequent basis. William Chris Vineyards is also developing a more formal personalized tasting.

Best Practices for this Type of Virtual Wine Tasting

The focus of the Happy Hour Virtual Tasting is to bring some fun and lightness to wine tasting. Consumer retention will be more important than new customer acquisition, according to Derton. The Happy Hour Virtual Tasting isn't going to immediately deliver ROI, nor can you expect a purchase before the tasting. What's worked in this, and in other Happy Hours is a BYOB attitude. Ask viewers to comment with what they're drinking and, remember, it doesn't need to be your brand.

Content preparation and differentiation are key. The Happy Hour can't be the same each day or each week; your returning viewers demand more from you. "Don't just have a virtual happy hour," said Hess. "Have a happy hour where we're going to talk about buttery Chardonnay or we're going to talk about how to open a bottle without splitting the cork, or we're going to talk about this, and make it topical."

Keep the Happy Hour short. Like a quick drink with a friend after work is finished, most participants in this type of virtual tasting want to keep it short and simple.

The Pre-recorded Video

Recording and editing video ahead of time is another option, though it offers very little in the way of interaction—you're basically confined to comments or email responses. Used for many years as a marketing or educational tool to send to buyers or members via email, or post on social media and/or winery websites, this is the preferred direction for those looking to carefully convey a message or who might be a little camera shy. Filming this type of content gives you the chance to work off a script, edit out bloopers and keep the content on message.

More Than a COVID Coping Mechanism

Wineries across the country scrambled to put together wine packages, marketing and content for virtual tastings in light of shelter-in-place orders that resulted from coronavirus concerns. For many, this was a brand new concept, and one needed to keep businesses afloat and consumers engaged.For others, it was an idea that had been churning away in the back of their minds.

No matter what spurred wineries on, most agree that this is a new path forward and intend to continue.

"Our intent has always been to do a virtual tasting, even before this news, though this was certainly the push to get moving. This was just the kick in the pants to take it off an idea board and get moving," said Muracchioli.

The style, format and number of digital tastings offered will continue to evolve as time wears on but, when all is said and done, Hess reminds her clients to meet their customers where they are, to ask them what type of tastings they want to be part of. For some brands that means a highly customized option that features a multi-pack of wine. For others, they want to see a friendly face for a few minutes, and then go have dinner with the family. On a final note, Hess urges anyone creating a virtual tasting to be proactive in thanking customers for their participation, and inviting them to join you again, whether online or at the tasting room. **WBM**

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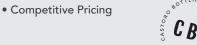
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How Much Should You Budget for Packaging?

A new guideline based on retail price, and four other factors to weigh when planning

Jim Gordon



Jim Gordon, editor at large for *Wine Business Monthly*, writes and edits articles on grape growing, winemaking and wine marketing. He has been covering wine and the wine business for more than 35 years, notably as the editor of *Wines & Vines* from 2006 through 2018. A role as contributing editor for *Wine Enthusiast* magazine began in 2014, in which he reviews California wines and reports on various California wine regions. He was executive director of the annual Symposium for Professional Wine Writers at Meadowood Napa Valley from 2008 to 2015. Dorling Kindersley (DK Books) of London published his first book as editor-in-chief, *Opus Vino*, in 2010, which was chosen as a finalist in the James Beard Awards. In 2002 he was co-creator and managing editor of the long-running Wine Country Living TV series for NBC station KNTV in San Jose/San Francisco.

WINERIES HAVE A LOT of public information at hand when they set budgets for grape supply, employee salaries and even real estate purchases. Several states offer detailed reports on grape prices by variety or by county or district. *Wine Business Monthly* conducts and publishes an annual employee salary survey that includes positions from cellar worker to VP of sales. Real estate appraisers and winery mergers and acquisitions specialists reveal the going prices for facilities and vineyards at industry conferences.

But what does the winery purchasing manager or CFO refer to when budgeting expenditures on packaging materials as part of the cost of goods sold? The sources in this category appear much thinner.

"The topic you are raising can be quite complicated," said Jon Moramarco, managing partner of bw166 and partner-editor of the *Gomberg Fredrikson Report*. Moramarco, who has decades of experience with winery budgets as an executive in companies as large as Constellation Brands, suggests several key questions that each winery needs to ask before it can responsibly assign costs for glass, labels, closures, foils and cartons:

- Does the winery bottle by order or by vintage?
- Is the winery using fairly standard or specialized dry supplies?
- How do the winery's production cycle and fiscal year align?
- What is the winery's inventory balance?

Before visiting these topics in more depth, it may be good to think about the issue of packaging budgeting from the perspective of a company whose sole focus is packaging for beverages, mostly wine and spirits. Quest Industries of Stockton, Calif., made an apparently bold statement in 2019 by declaring that wineries should start their packaging cost estimates at 10 percent of the retail price.



"Power Flex Pricing" from Quest Industries accommodates budget realities whilst maintaining brand power.

"We are regularly asked by start-up brands how much they should invest in their packaging to launch a new brand," stated Quest CEO Ingrid Cornehl in a news release. "Even established brands are looking for guidance for repositioning projects and line extensions. Over the course of the last 20 years of working with some of the biggest, most successful wine and spirits brands, there seemed to be an observed rule-of-thumb. That is, about 10 percent of the retail price was a good starting point."

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The company created an outline called Quest Brand Power Flex Pricing to better define the 10 percent rule. The company's vice president of sales and marketing, Dennis Sones, told *WBM* that Quest can demonstrate how a brand idea can remain strong and very compelling even with lower budgets—if there's a strong creative concept.

"Bigger companies, like Treasury and Gallo, may say that 10 percent seems awfully rich," Sones said. "And they're right; the guidance for big companies might be 6 to 7 percent. Our guidance is really targeting volumes that are about a truck-load in volume, about 25,000 to 30,000 bottles.

"In some cases, the spirit inside the bottle is so beautiful that it should be featured; in that case, the brand may want to spend more on the quality and clarity of the glass to showcase that feature or spend more on a heavier bottle. The overall guidance still makes sense, however. You might need to spend less on the decoration part of the package cost-structure," Sones said.

Moramarco agrees that 10 percent could be high, even for a small to medium-size winery. A \$2 packaging cost for a \$20 retail item, whose Free on Board (FOB) cost is about \$9 is stretching the limit, he said. "The old math is that to have a sustainable wine business you need a 50 percent gross profit



Three package designs for the same brand. Left: "Fully" pricing costs more than \$3.00; Center: "Nicely" costs between \$3.00 and \$2.00; Right: "Simply" costs less than \$2.00 to produce.

margin selling to distributors," Moramarco said, noting the business would also look for 75 percent profit from direct-to-consumer (DTC) sales. "So we want our cost of goods around \$55 to \$60 a case for a \$20 retail wine with a 50 percent margin."

Wines sold DTC can do a slightly higher percent on cost of goods, he said, but they should be careful. "A lot of small wineries have too-small margins."

Returning to Moramarco's budgeting suggestions, he said the first question is whether a winery bottles by order or by vintage. Since packaging supplies needs to be budgeted and ordered well in advance of bottling dates, these are key considerations.

Small wineries usually bottle by vintage and plan their bottling in time to free up tank and barrel space for the following vintages. Many large wineries bottle to order, Moramarco said, meaning to supply their distributors with what's needed in the next 60 days.

Costs per bottle are usually less for big wineries that buy massive numbers of bottles, labels and so on, than they are for smaller wineries. The difference may not be as big, however, said Moramarco, when ordering similar dry supplies that are commonly available. This gets to the consideration of standard dry supplies versus specialized ones. Even for a big winery, if the glass vendor says a type of bottle will be available in March, and the winery asks to have it delivered later, the glass vendor may charge for storage, or it might not be available at that time period. Vendors may make a certain mold or a certain color only at certain times of the year, and they may require at least three to four weeks advance notice for even standard glass.

Production cycles and fiscal years also come into play. If a winery's fiscal year ends June 30, the budget for the next year may need to be done in May, Moramarco said. The next red wines to be released are already in tanks or barrels, and the quantity is known, but the white wines to be sold 15 months in the future are still hanging on the vine, quantities unknown.

The issue with inventory balance and packaging supplies comes into focus when a winery's sales results are not keeping up with the sales forecast. For example, given the inventory already bottled, a winery might be three to six months long on Cabernet from Napa Valley, Moramarco suggested. The decision is whether to bottle all of it, using up the supplies you've ordered, or sell some of it on the bulk market to get back on the correct release schedules. **WBM**

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Retail Sales Analysis Wine Sales Decline 2 Percent but Rosé Rises

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Produced by Wines Vines Analytics, the *Wine Analytics Report* is the industry's leading source of market insights, objective analysis and data.

Sales Value Down 2 Percent in February

Off-premise table wine sales declined nearly 2 percent from a year ago in February. Table wine sales totaled \$1 billion in the four weeks ended Feb. 22, according to Nielsen scan data. Sales in the latest 52 weeks were unchanged at \$14.4 billion.

Sales Volume Drops 3 Percent

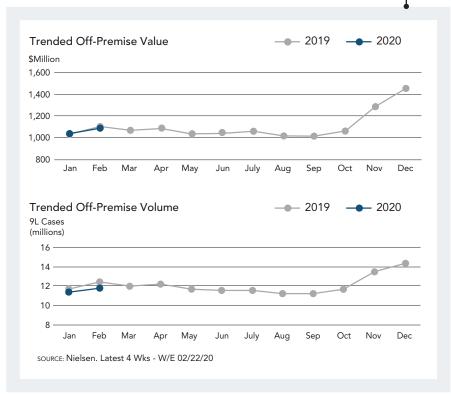
Off-premise table wine volume fell 4 percent versus a year ago, totaling 11.9 million 9 L cases in the four weeks ended Feb. 22. This was slightly more than the decline reported for the latest 52 weeks, which saw volume drop nearly 3 percent to 157.7 million 9 L cases.

Rosé Leads Growth of Pink Wines

Spring weather puts Rosé in the spotlight, with sales and shipments tending upwards from March to June. Nielsen scan data for the 52 weeks ended Feb. 22 indicate that off-premise sales of pink table wines continue to show growth, rising 3 percent in the latest 52 weeks to \$1.1 billion. A key driver of the growth was Rosé blends, which saw sales increase 13 percent to \$583 million. Sparkling Rosé is also performed well, with sales rising 15.5 percent in the latest 52 weeks to \$147 million.

The growth of Rosé (particularly still, but also sparkling) has increased its share of all pink wines sold off-premise at the expense of cheaper, so-called blush wines. Rosé blends now represent 46 percent of pink still and sparkling wines sold off-premise, up from 34 percent in 2018. Sparkling Rosé now represents 12 percent, up from 9 percent two years ago. Meanwhile, other pink wines have lost ground, holding just 43 percent of the category versus 56 percent two years ago.

The average price of a Rosé blend sold off-premise is now \$9.89 a bottle, up from \$9.57 a year ago but on par with two years ago. Sparkling Rosé now averages \$13.84, down from \$14.06 a year ago. While both types of Rosé have seen fluctuations in price, their growing share of the market underscores the recent willingness of consumers to spend more per bottle. This is seen in the fact that the average price of a pink wine sold at off-premise increased from \$5.08 two years ago to \$5.51 last year and \$5.85 in the latest 52 weeks—an increase of 15 percent in just two years. **WBM**





Methodology

Sourced from Nielsen, these figures represent off-premise retailer wine sales to the consumer aggregated across a variety of channels nationwide, including grocery, drug, mass merchandisers, convenience, dollar, military, as well as a selection of warehouse clubs, and liquor channel geographies and liquor channel retail chains. Nielsen figures are updated and released every four weeks.

Nielsen Table Wine Category Segments MARKET: Total US xAOC+Conv+Military+Liquor Plus PERIOD: Week Ending February 22, 2020

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	1	ielsen	Dollar Value		Dollar Value % Chg YA		9L Equivalent Volume		9L Equivalent Volume % Chg YA		Avg Equivalent Price Per 750ML	
		ICISCII	Latest 52 Wks - W/E 02/22/20	Latest 4 Wks - W/E 02/22/20	Latest 52 Wks - W/E 02/22/20	Latest 4 Wks - W/E 02/22/20	Latest 52 Wks - W/E 02/22/20	Latest 4 Wks - W/E 02/22/20	Latest 52 Wks - W/E 02/22/20	Latest 4 Wks - W/E 02/22/20	Latest 52 Wks - W/E 02/22/20	Latest 4 Wks - W/E 02/22/20
\rightarrow		TOTAL TABLE WINE	14,429,347,008	1,091,333,519	0.0	-1.5	157,650,834	11,884,165	-2.7	-3.9	7.63	7.65
		BOX	1,433,638,100	112,207,741	4.7	2.1	33,961,858	2,623,838	0.9	-1.1	3.52	3.56
	s	\$0-\$3.99	578,807,774	44,402,147	-2.0	-2.9	19,802,218	1,500,041	-3.7	-5.0	2.44	2.47
	NER	\$4+	854,828,227	67,805,212	9.9	5.6	14,159,603	1,123,791	8.1	4.6	5.03	5.03
	CONTAINERS	Total Table Wine Glass	12,711,520,760	958,584,513	-0.7	-2.2	120,340,757	9,019,474	-3.8	-4.9	8.80	8.86
	co	Value Glass \$0-\$3.99	601,742,267	45,707,241	-6.9	-7.8	15,018,393	1,153,207	-8.0	-6.8	3.34	3.30
	ΒY	Popular Glass \$4-\$7.99	3,079,924,574	228,366,029	-6.2	-8.0	46,605,332	3,453,556	-7.0	-8.3	5.51	5.51
	TIERS	Premium Glass \$8-\$10.99	3,177,550,143	238,131,053	-3.8	-6.4	28,037,942	2,085,568	-4.4	-7.1	9.44	9.51
	СЕТ	Super Premium Glass \$11-\$14.99	2,963,327,465	226,151,367	4.6	3.1	19,601,868	1,483,578	3.9	2.9	12.59	12.70
	PRICE	Ultra Premium Glass \$15-\$19.99 Luxury Glass \$20-\$24.99	1,443,992,440 582,486,060	110,008,861 43,099,876	6.2 5.1	4.3 6.4	7,052,170 2,220,188	529,441 161,720	6.0 3.5	3.8 5.5	17.06 21.86	17.31 22.20
		Super Luxury Glass \$25+	854,044,202	43,099,878	4.1	4.6	1,742,794	133,253	0.7	3.1	40.82	40.66
ŀ		IMPORTED	3,820,625,441	281,528,834	-0.1	-1.3	39,321,683	2,927,718	-2.3	-3.7	8.10	8.01
		ITALY	1,217,035,645	92,223,385	1.4	1.3	10,404,141	776,138	-1.2	-1.9	9.75	9.90
		AUSTRALIA	711,626,221	56,434,588	-2.7	-5.5	11,625,515	917,681	-3.2	-5.5	5.10	5.12
		FRANCE	488,917,157	29,865,031	2.6	3.7	2,928,811	179,608	-2.6	2.0	13.91	13.85
	ED	CHILE	252,218,791	18,729,836	-2.0	-5.0	3,817,829	283,707	-0.5	-4.2	5.51	5.50
	MPORTED	SPAIN	157,852,474	12,048,550	-6.1	-5.0	1,976,688	153,014	-5.4	-4.5	6.65	6.56
	IMP	GERMANY	75,069,444	5,315,012	-7.6	-3.7	707,295	48,635	-8.8	-6.4	8.84	9.11
		NEW ZEALAND	510,434,635	36,652,376	7.9	6.7	3,651,970	259,257	7.2	5.5	11.64	11.78
		ARGENTINA	318,197,536	24,371,489	-7.1	-10.2	3,444,248	260,216	-8.4	-11.2	7.70	7.80
		SOUTH AFRICA	22,357,882	1,557,242	-9.2	-13.2	188,965	12,980	-10.5	-14.6	9.86	9.99
		PORTUGAL	37,601,128	2,431,595	-11.1	-11.8	383,420	24,160	-16.8	-16.2	8.17	8.38
		DOMESTIC	10,608,721,567	809,804,685	0.1	-1.6	118,329,151	8,956,447	-2.8	-3.9	7.47	7.53
		CALIFORNIA	9,553,152,774	732,901,462	0.1	-1.4	109,783,876	8,346,832	-2.8	-3.8	7.25	7.32
	U	WASHINGTON	604,653,744	44,182,707	-3.3	-6.3	4,999,402	359,201	-4.2	-7.3	10.08	10.25
	DOMESTIC	OREGON TEXAS	221,399,940 31,910,677	16,927,752 2,340,571	11.2 -2.0	7.1 -7.0	1,126,517 372,383	84,014 26,810	11.3 -6.4	7.0 -12.8	16.37 7.14	16.79 7.27
	MO	NEW YORK	37,107,515	2,340,371	-2.0	-0.7	470,588	30,207	-6.4	-12.0	6.57	5.96
		NORTH CAROLINA	40,464,523	2,853,398	-0.3	-1.7	420,629	29,394	-0.7	-2.7	8.01	8.09
		INDIANA	23,000,914	1,741,242	-3.1	-7.3	252,002	18,761	-4.3	-8.3	7.60	7.73
		MICHIGAN	21,973,211	1,359,728	-1.7	-9.7	233,293	14,215	-4.3	-12.7	7.85	7.97
	s	RED	7,407,860,186	587,213,700	-1.0	-3.2	71,904,492	5,652,865	-3.8	-5.8	8.58	8.66
	TYPES	WHITE	5,896,561,682	432,026,703	0.8	0.4	69,727,255	5,129,102	-1.5	-1.5	7.05	7.02
	-	PINK	1,123,016,045	72,068,092	3.0	1.5	16,001,972	1,101,749	-2.7	-4.3	5.85	5.45
		TOTAL CHARDONNAY	2,545,046,271	188,522,114	-0.2	-1.0	29,398,564	2,182,133	-2.6	-2.9	7.21	7.20
		TOTAL CABERNET SAUVIGNON	2,716,683,514	217,166,527	2.1	-0.6	24,677,898	1,975,229	-0.5	-2.8	9.17	9.16
		TOTAL PINOT GRIGIO/PINOT GRIS	1,349,113,190	98,489,982	2.9	1.8	17,402,883	1,287,571	1.8	1.4	6.46	6.37
			1,104,011,363	88,332,226	1.2	-0.6	8,286,209	659,406	-2.3	-3.1	11.10	11.16
			685,801,880	52,551,109	-8.0	-9.9	9,344,249	718,021	-10.1	-11.1	6.12	6.10
	S	TOTAL SAUV BLANC/FUME TOTAL MUSCAT/MOSCATO	1,009,025,937 627,230,944	73,633,839 46,851,469	6.5 -3.4	7.5 -5.1	8,795,564 9,417,455	642,526 701,828	5.5 -5.2	6.8 -5.9	9.56 5.55	9.55 5.56
	ETAI	TOTAL WHITE ZINFANDEL	260,897,260	18,578,708	-3.4	-11.1	5,218,104	374,645	-3.2	-3.7	4.17	4.13
	VARIETALS	TOTAL MALBEC	245,390,143	19,166,139	-0.7	-11.1	2,274,584	175,785	-10.1	-11.3	8.99	4.13 9.08
	>	TOTAL RIESLING	228,862,149	16,378,633	-6.9	-5.2	2,468,026	173,421	-9.6	-9.9	7.73	7.87
		TOTAL ZINFANDEL	218,601,422	16,873,844	-5.2	-8.7	1,529,609	116,424	-7.1	-9.9	11.91	12.07
		TOTAL SHIRAZ/SYRAH	139,826,447	10,964,291	-9.8	-17.1	1,557,318	122,704	-11.9	-18.6	7.48	7.45
		WHITE BLENDS (ex. 4/5L)	224,368,754	15,883,659	-2.3	0.2	2,704,822	198,053	-2.6	-0.3	6.91	6.68
		RED BLENDS (ex. 4/5L + CHIANTI)	1,872,485,696	150,830,212	-0.7	-2.5	16,848,855	1,349,792	-2.5	-4.6	9.26	9.31
\rightarrow		ROSE BLEND	582,725,488	32,489,930	13.0	16.3	4,909,524	290,820	10.5	12.5	9.89	9.31
Γ		750ML	10,447,357,147	789,158,909	0.2	-1.4	81,188,446	6,088,266	-2.4	-4.0	10.72	10.80
	ZES	1.5L	1,995,289,009	149,493,240	-4.9	-5.8	34,011,065	2,554,861	-6.1	-6.4	4.89	4.88
	S SIZ	3L	58,121,579	4,378,243	-8.6	-9.2	1,453,917	108,822	-13.0	-12.7	3.33	3.35
	GLAS!	4L	73,694,661	5,370,715	-8.5	-8.3	2,318,180	167,923	-10.2	-9.1	2.65	2.67
	G	187ML	101,753,060	7,332,317	-5.1	-6.2	1,214,074	87,017	-8.2	-8.6	6.99	7.02
		375ML	22,257,504	2,102,603	16.0	34.2	83,059	7,907	15.4	45.4	22.35	22.18
		ex. 4/5L	954,263,724	75,625,987	8.4 5.2	4.5	16,825,677 459,525	1,332,789 34 138	6.5 3.1	3.1 -4.0	4.73 5.61	4.73 5.72
	ZES	1L 1.5L	30,927,781 26,958,695	2,341,887 2,011,102	5.2 1.0	-1.6 -1.6	459,525 529,416	34,138 39,531	3.1 0.1	-4.0 -1.9	5.61 4.24	5.72 4.24
	X SIZI	3L	680,001,948	53,813,927	7.3	-1.0	13,050,760	1,036,173	6.4	-1.9	4.24	4.24
	BOX	5L	479,372,161	36,581,610	-2.0	-2.6	17,136,123	1,291,045	-4.0	-5.1	2.33	2.36
		TETRA	247,801,067	19,834,563	12.5	11.8	3,250,573	257,423	7.7	8.7	6.36	6.43
L	Sour	ce: Nielsen	,00.1,007		. 2.0		-,200,010	20.,120		5.7	0.00	0.10

Vineyard Economic Report 2020

Oversupply Gives Bankers Optimism for Industry Reassessment

Michael S. Lasky

Michael S. Lasky is the former editor of *AppellationAmerica.com* and is the author of hundreds of articles for national magazines and newspapers.

Editor's Note: At *Wine Business Monthly*, we prepare many of our articles months in advance. The following article, surveying lenders about their outlook for vineyard and winery financing, was prepared just a couple weeks prior to the coronavirus crisis that led to statewide shelter-in-place orders being issued in 42 states, as of press time. We are now living in an alternative reality and with a sudden economic crisis. That said, much of what the lenders talked about in the article still rings true. When the industry gets through the crisis, which it undoubtedly will, much of it will still apply. We've chosen to run the article as is. Reading the article also drives home how the landscape has completely changed in a few short weeks; What planet are we on?

A couple of weeks ago, wineries were worried about things like keeping people in their clubs and having enough staff. Since then, wine sales through major retailers are up but tasting rooms are closed, restaurant sales are virtually nonexistent and unemployment is surging. Today most wineries are strapped for cash and liquidity is the overriding issue. They're forced to find ways to defer payments, come up with new revenue streams, collect receivables and make it through. With loan covenants broken, bankers will be making decisions about how they manage client relations in a difficult time. At a minimum, the situation puts additional financial pressure on grape growers, with some wineries less reluctant to commit.

As the May issue of *Wine Business Monthly* goes to press, lenders are just three days into accepting loan applications through the Small Business Administration's Paycheck Protection Program as part of the CARES Act relief package. There have been hiccups and there's a lot of uncertainty, with banks in some cases delaying implementation of the process while they clarify and set up procedures. With virtually all of their customers needing something at the same time, it's difficult to get the attention of a banker today.

BEYOND THE PANIC IMPLIED by headlines on the grape glut, the grapegrowing industry has maintained a fairly profitable year. It's true that many growers faced losses, and the state ag community has been advised to reduce as much as 30 percent of winegrape acreage to rebalance vineyard yields, but bankers uniformly agree that 2020 is still a great time for the wine industry. They agree it's a time to take a breath and reassess sales expectations, retool marketing messaging and target those overlooked demographics.

"Oversupply in and of itself isn't really the problem. The current market really is not a supply problem: it's a demand problem," said Rob McMillan, executive vice president and founder of Silicon Valley Bank, during the annual State of the Wine Industry Report.

"It's not like everybody didn't sell their grapes, or everybody isn't selling their wine, or everybody has seen a decline. Wine sales to upper tiers, as a matter of fact, are growing handsomely for well-run operations. But it's always on the edges of things where you find issues, both pro and con. If we could just get the demand side of it turned around a bit—and it wouldn't take a lot—we could be having a totally different conversation," McMillian said. Both McMillan and other bankers *WBM* spoke with note that there are still vineyard acquirers. In fact, some people view the current state as a key buying time because they've been holding their cash in reserve specifically for this kind of rotation in the cycle.

According to McMillan, the "issues" the industry faces are predominantly due to its marketing efforts, specifically the lack of effort in engaging the newer wine consumer. "Marketing and sales of wine doesn't just include price; it includes many different factors in the way that we vocalize features of products, health aspects—it's like lower in alcohol, non-GMO, gluten free, natural and things like that. To change demand, we've got to meet that younger consumer where they are. That's our greatest opportunity," he said.

The younger generation is huge, and they're only consuming about 17 percent of total wine, according to McMillan, as they tend to gravitate toward beer, spirits and other alternative alcoholic beverages. So, McMillan advises that the wine industry needs to let those consumers know that the product has everything that they're looking for. "The industry has had 30 years of successful marketing in a certain way. We've been blindsighted to the newer generation of consumers and the need to update our message. It took the oversupply to see the need for a change," McMillian said.



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Vineyard Economic Report 2020

Bankers Remain Cautious with Loans

Between grape oversupply and weakening consumer demand, wineries and vineyards got the message: We need a tune-up. Lenders have also taken note.

"There's still plenty of money for loans available in the market, but I think bankers are getting cautious because they realize that the tide's not raising all the boats anymore. What we're seeing, though, is a kind of a divergence of performance," explained Erik McLaughlin, CEO and managing partner at Metis, a Washington-based mergers and acquisitions advisory firm.

"Yes, in general, the market is maturing, and I think the headlines give the impression that the wine industry is contracting, which it isn't. It's just no longer growing at the same rate that it has been," McLaughlin said. "Where that's become a problem is that the supply to support that growth was kind of already baked in, so now, we're over-supplied—not because the wine industry is shrinking but because people were banking on perpetual growth. That's where the pain is."

Sales of vineyards continue, but the buyers are now insular to those already in the wine business—mainly wineries seeking to maintain their inventory supply. "It seems like the maturation of the market is a little bit more of a zero-sum game. More of the spoils are going to the winners, and certain brands are doing very, very well, and others are struggling significantly," McLaughlin said. Thus, the lending decisions made by banks are becoming more specific to the performance of the individual business—be it grape grower or winery—rather than the state of the wine industry as a whole.

McLaughlin noted that the grape glut hasn't exactly affected the winery side of the industry that significantly. "The grape flood is actually creating certain opportunities on the winery side of the business—if people can be agile about their fruit source choice," he said.

But the vineyard side of the market has shifted, according to McLaughlin: winegrape buyers are no longer concerned about securing fruit and the source of that fruit. Instead, they are being more opportunistic about their purchases, pushing for better prices and demanding better terms from growers. Similarly, those looking to acquire vineyard acreage are searching for more "advantageous prices."

"I think a lot of owners have to come to grips with the reality of the situation, which is that there are a lot of grapes out there while wine sales last year, for the first time ever, lost a little bit on the unit sales and the overall dollar sales," said Jeff Clark, senior lender of the wine and craft beverage group for Live Oak Bank. "I think the key to turning sales momentum around is we have to allow young people to own wine."

Despite misgivings Clark or other bankers may have about winery marketing strategies, Clark noted that he has not experienced any recent drops in business transactions.

"Now, like with any 'boom,' there's a shakeout going on. ... Accordingly, we're seeing acquisitions, we're seeing partner buyouts, we're seeing refinancing, so this is the absolute busiest I have been in five years," Clark said.

In Clark's view, there's a major disruption across all beverage categories; it just seems that wine is getting the brunt of it. "They're fighting for market share, and they've got a lot of bulk wine out there; so if you're a producer, it's a good time. Your cost of goods and your raw materials are the cheapest they've been in a long time. But if you're a vineyard owner, it's some tough sledding right now," Clark noted. As an example of the dramatic downturn in grape prices brought on by the accumulated oversupply, take Turrentine Brokerage data. In Dec. 2018, they listed the average price of Napa Cabernet on the market going for \$25 to \$40 per gallon. As of February 2020, the listed price was \$18 to \$25 per gallon. Sonoma County Russian River Chardonnay was priced between \$12 and \$15 per gallon in Dec. 2018; but as of this writing, the listed price is now between \$7 and \$9 per gallon.

Bankers Suggest New Vineyard Management Strategies

How do growers and wineries account for these prices? "It comes down to each individual's balance sheet. If you bought a vineyard at the top of the market and you've leveraged yourself quite a bit to do it, you might be in some trouble," Clark said. "But if you've got a low-cost vineyard because you don't have the debt or you have minimal debt on it and it's well established, you're going to be able to withstand this downturn. It's good news for wine producers if they have the ability to go out and buy the lower-priced juice. It's just tough for the vineyard owners right now."

As Exchange Bank's senior vice president and commercial banking manager, Jason Hinde, said, "If you can sustain your business now, and probably for the next year or two, it's an ideal time to replant—whether those vines are getting old or if you've had disease issues or whatever the issue is."

According to Clay Popko, North Coast regional banking executive for Santa Rosa-based American AgCredit, mechanization has been part of many of his vineyard development and redevelopment conversations. "Even if they're not going to farm it mechanically, they're ensuring that their vineyard trellis systems and improvements are set up for mechanized harvesting," he said. "Everybody sees the writing on the wall: that [mechanization] is going to be almost a necessity down the road."

Popko points out that though the grape oversupply is cyclical, it could be viewed as a blessing in disguise this time around. "We're in that weird sink step where the average economic life of a vineyard is around 25 to 30 years. So if you roll the clock back to when we're planting through all that phylloxera in the early '90s, vineyard managers are taking the opportunity to realize this might be the right time to get that vineyard replanted and take advantage of the technology that has advanced since the last replanting." Those technologies include new rootstocks and clones, advancements in trellising systems and irrigation techniques, as well as updated research on disease and pest management.

"Because of questions about how long the economy will continue to be as strong as it has been, I think people are looking more analytically at their inventory and other assets to determine the financial choices they can make," said Mark Brody, senior vice president, wine specialty, at F&M Bank. Those choices include whether or not to continue investment in one's vineyards and current grape supply or, perhaps, to pull out and replace acreage, knowing production—and, thus, sales—will be down during the fallow and regrowth periods. As Brody said, "It's about the long-term/short-term tradeoffs." WBM



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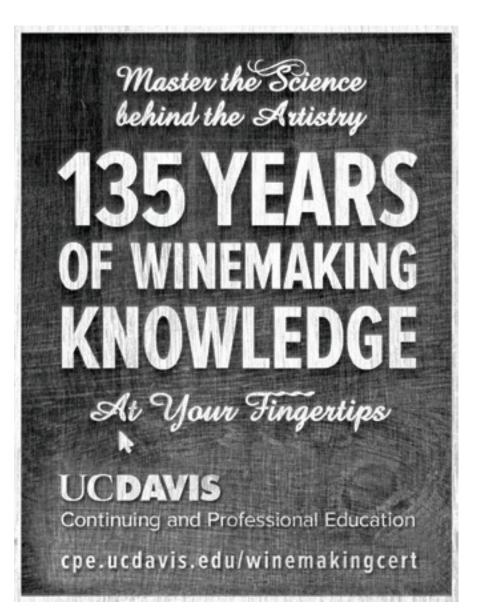
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people

Wineries & Winemaking

Constellation Brands, Inc. appointed Mike McGrew to the newly created role of executive vice president, chief communications and corporate social responsibility (CSR) officer. In this new role, McGrew will oversee all aspects of the company's communications efforts, including internal and external global communications, brand public relations, corporate branding and reputation, investor relations, and corporate social responsibility. McGrew will serve as a member of the company's executive management committee and report directly to Bill Newlands, president and chief executive officer. Based in Chicago, McGrew joined Constellation Brands in 2014 as senior director, communications for the beer division.

With its second significant hire in the past month, Bogle Vineyards and Winery announced the selection of Dan Ewer as vice president of sales. As the head of sales for Bogle Vineyards, Ewer will lead sales teams responsible for the Bogle, Phantom and Juggernaut brands, while working under the direction of Bogle's third generation owner-managers, Warren, Ryan and Jody Bogle. Ewer recently served as chief sales officer with Precept Wine in Seattle and spent nearly two decades with Youngs Market Company where he managed Bogle wines in his role as senior vice president. Ewer's hire comes a month after Bogle Vineyards brought on Paul Englert as its vice president of marketing.

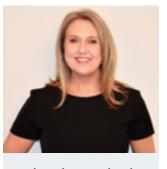
Shannon Ridge Family of Wines hired Rhonda Weinbach to the newly created position of director of retail chains. In her new position, Weinbach is responsible for key retail chain accounts nationwide and acts as the liaison between Shannon Ridge Family of Wines and their extensive national distributor network. Shannon Ridge Family of Wines grew 29 percent last year and surpassed 250,000 cases for the first time, so owners Clay and Angie



Mike McGrew



Dan Ewer



Rhonda Weinbach

Shannon realized now is the time to make this very important investment. Weinbach attended The University of Houston and attained a Bachelor of Science in hotel and restaurant management, with a minor in German language. She also spent two years at The University of Maryland, McGraw Kaserne Kampus, in Munich, Germany. Jay James, Master Sommelier, stepped in as vice president, general manager at Larkmead Vineyards. James will apply his extensive background in hospitality, wholesale management and wine education to the entire operation at Larkmead Vineyards. Most recently, James served as the director of sales at Chappellet Winery, where he focused on wholesale growth and distribution since 2013. At Larkmead, James will focus on nurturing existing direct to consumer and wholesale relationships while also expanding the circle of influence for Larkmead, particularly among key trade. James started his career in hospitality at the Ritz Carlton in Atlanta. From there, his career developed to include the management of several on-premise wine programs.

Rich and Leslie Frank, owners of Napa Valley's Frank Family Vineyards, announced that Tory Britton Sims has joined the winery team as chief financial officer. Sims will direct all financial activities for the winery, including financial planning and reporting, general accounting and budgeting. Sims brings over 25 years of domestic and international experience working in finance and operations within the wine industry. Prior to joining the Frank Family team, Sims served as the vice president of finance at Silver Oak Wine Cellars. She previously served as chief financial officer at Rombauer Vineyards, Seghesio Vineyards, Cuvaison Winery and ETS Laboratories. Before that, she held finance and operations positions Clos Pegase Winery and Codorniu Winery.

Mick Roberts joined CRU Winery as national sales director. Roberts will continue CRU Winery's growth with a focus on expanding distribution both domestically and internationally. Roberts has a proven track record with more than 20 years of experience in wine sales and marketing. Prior to joining CRU Winery, he held senior leadership positions at Fort Ross Winery, Locations Wine by Dave Phinney, where he oversaw tremendous distribution and revenue growth, and Aveníu Brands. Roberts holds a Bachelor of Science degree from Rochester Institute of Technology.

Victory Wine Group hired John Samuels to a newly created role of general manager. Samuels works with the entire sales, brand, and operations management teams to continue to improve Victory processes, procedures, and results. Samuels comes to Victory Wine Group with more than two decades of restaurant, fine wine, and wholesale experience. His latest position was with Southern Glazer's Wine & Spirits as the South Central regional sales director where he managed multiple sales teams and strategic development in Louisiana, Oklahoma, Arkansas, and Tennessee.

, Artesa Vineyards & Winery, Ascentia Wine Estates, B Cellars, B R ry, Bedell Cellars and Corey Creek Vineyards, Bell Wine Cellars, Ber Benziger Family Winery, Bergevin Lane Vineyards, Bergstrom W Winery and Tasting Room, Black Hills Estate Winery, Black Stallio Blackbird Vineyards, Bogle Vineyards, Bouchaine Vineyards, Bud The Wine Industry's Leading Online Job Site Cakebr Cameron Hughes Wine Co., Castello di Amorosa, Caymus Vineyards state Vineyards & Winery, Chance Creek Vineyards (Bock), Chappel Charles Krug Winey, Chateau Bianca, Mateau Diar . Chateau Mon ya Is ar Vy Win state Wines, Darioush Winery, Dashe cellars, vards, Del Dotto Vineyards, Delicato Vineyards ine Estates, Diageo Chateau & Estate Wines, Dierberg/Star Lane aine Carneros, Ltd., Domaine Chandon, Domaine Serene Vinevards & Don <u>Sebastiani & Sons, Dono Dal Cielo Vineyard, Dry Creek Vineyar</u> More wineries use winejobs.com Fantesca Estate & Winery, Far Niente Winery, Ferrari-Carano than any Fother online job sitery Francis Ford Coppola Presents, Frank Fam oma Caves, Fritz Winery, Frog's Leap Winery, Galante Family W Wine Cellars, Goosecross Cellars, Grgich Hills Estate, Groth Vine Gundlach Bundschu Winery, Hagafen Cellars, Hahn Family Wine Created & Managed by Iy Estate, Heitz Wine Cellars, Hess C <u>e Vinevards. J F J Bronco Winer</u> ery, Hudson Vinevards, Ironstone Vineyards, J F J Bronco Winer WINE BUSINESS MONTHLYICk Neal & Son Vineyard Mg ordan Vineyard & Winery, Joseph Phelps Vineyards, Justin Vineyard Keller Estate, Kendall-Jackson, Kenneth Volk Vineyards, Kenzo Estate e Winery, Knights Bridge Winery, Korbel Champagne Cellars, Krup es/Stagecoach Vineyards, Kunde Family Estate, La Crema, Laird Fan Lambert Bridge Winery, Lancaster Estate, Lange Twins Winery & Vir on Winery & Vineyards, Lewis Cellars, Littorai Wines, Long Meadow Lucas & Lewellen Vineyards, Lynmar Winery, Marimar Estate nerv. Martinelli Winerv. Medlock Ames. Mendocino Wine Co./Pardu



Industry Services & Suppliers

Kathy Turner joined the InnoVint team of winemakers and technologists as sales manager. In her new role, Turner applies her extensive sales background to expand brand awareness for InnoVint and build new client relationships. Turner brings to her role a unique combination of hands-on winemaking (with over 10 harvests across California and abroad) and top-notch sales experience, gained from over 5 years working with winery clients on the Central and South Coast. Prior to joining the



Kathy Turner

InnoVint team, Turner worked for Merryvale Vineyards, Estancia Winery, M.A. Silva, RedShelf and TeSoRi Imports. She holds a B.S. from Loyola Marymount University and an A.S. from Napa Valley College.

Affinity Creative Group, a unique collective of strategic and creative experts in branding, packaging design, digital media, and retail activation, added Bob Kersten as executive director, brand strategy. Kersten will amplify Affinity's strategic offering to optimize clients' brand strategy, inform creative expression across the customer experience, and ensure achievement of business goals. Prior to joining Affinity, Kersten spent more than a decade with the global brand consulting and design firm,



Bob Kersten

Landor, in their San Francisco office, where he served in various leadership roles including strategy and client services. His previous experience includes directing brand strategy and execution programs across a variety of industries for top agencies Prophet, Addison and Superunion. Kersten's expertise extends beyond brand strategy to include naming, messaging, employee engagement, and implementation planning disciplines, across all media.



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260 California Street, Suite 700 San Francisco CA 94111 Telephone 415.362.1215 Facsimile 415.362.1494 beveragelaw.com Tonnellerie O & Creative Oak announced that Ryan Render has joined the company as the area sales director covering the Central Coast, South Coast, and Oregon. Render joins Tonnellerie O with 18 years of experience selling wine barrels throughout California and the Northwest. Most recently Render was the director of sales for North America at Tonnellerie Cadus. In addition to barrel sales Render is an accomplished winemaker, having created and launched his own 1,000-case wine brand, Rendarrio, from 2003 to 2019. Render will report directly to Josh Trowbridge, vice president



Ryan Render

and general manager, Tonnellerie O & Creative Oak.

Allen Wine Group LLP named Evan Conklin, CPA as accounting manager at the firm. Conklin has an extensive and diverse accounting background. He

comes to Allen Wine Group after two years as accounting manager at Sonic. Prior to that, he was a controller at Thomas George Estate, where he was responsible for all accounting and finance functions. At Frank Rimerman + Company, Conklin performed accounting services for the wine industry, CPA audits and reviews, inventory costing



Evan Conklin

and financial modeling. He has a B.S. in business administration with a concentration in management of information systems and a minor in wine and viticulture from California Polytechnic University, San Luis Obispo.

Tonnellerie Cadus welcomed Tommy Gentry to its team as the new Central Coast account manager, covering the Central Coast as well as Southern California. Tommy Gentry over 14 years of wine industry sales and service experience, building strong customer relationships through mutual trust and outstanding customer service.

Motion Industries, Inc., a distributor of maintenance, repair, and operation replacement parts and a wholly owned subsidiary of Genuine Parts

Company (GPC), promoted Greg Cook to executive vice president and chief financial officer of Motion Industries. Cook joined Motion Industries as senior vice president and CFO in November 2016 and quickly worked to improve the strategic effectiveness of the company's finance, accounting, tax, and treasury functions. Since joining Motion, he has also added responsibility for corporate strategy functions. In his expanded role, Cook will continue leading these current responsibilities, but will also now take on oversight of Motion's information technologies function. WBM



Greg Cook

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Dan Martin

owner and winemaker, Martin Ranch Winery, Gilroy, CA



NAME AND TITLE: Dan Martin, owner and winemaker

WINERY NAME AND LOCATION: Martin Ranch Winery, Gilroy, CA We are located 10 miles NW of Gilroy in the Santa Cruz Mountains appellation.

ANNUAL CASE PRODUCTION: 7,500

PLANTED ACRES: 14 acres

CAREER BACKGROUND: I studied agriculture in college so have had a desire to be in agriculture for many years. I started a produce company in the 1970s, and that transitioned into a small grocery store chain in the Corralitos and Soquel areas. That is where my wine interest began. As we grew in the grocery business, the wine industry also started growing. The jug wine era transitioned to varietal selling, and I developed specialty wine sections within my stores.

After the 1989 earthquake, we had extensive damage to one of our stores, and I really began to re-evaluate the direction I wanted to go. I purchased the property where I lived in 1972, which bordered Bates Ranch, a popular Santa Cruz Mountains vineyard. Jack Bates, the owner, shared with me all aspects of how the vineyard was working for him, so I became intrigued with the idea of planting grapes on my 17 acres. Since it was in the Santa Cruz Mountains appellation, I began to further investigate the options. *"Wine Business Monthly* has been a solid tool in all aspects of our business, and myself, my wife and all our staff regularly read its contents. The integrity of the *Wine Business Monthly* is a true testament to how a company can stay in publication in a digital age.

"Several years back when acacia wood was just starting to be recognized in the states, *Wine Business Monthly* did an article that caught my attention. That is when we incorporated that wood into my wife's brand, Thérèse Vineyards. She was making Viognier, Chardonnay and Grenache Blanc. The magazine's features on micro-oxygenation and alternative wood products reaffirmed our decisions to implement these processes and products into our existing brands. I have also used the classified ads when looking for equipment, and that has been successful for us."

In 1992 I married my wife Thérèse, and we decided, together, to plant the vineyard on our property. I attended UC Davis and exhausted every educational resource I could get my hands on. In 1993 we planted 8,800 vines and officially became growers. We sold our fruit to several Santa Cruz Mountain wineries for several years until starting our own brand and small winery in 2002. Today, we still sell grapes to a handful of wineries but also focus on our three brands: J.D. Hurley, Thérèse Vineyards and Soulmate.

WHAT HAS BEEN YOUR BIGGEST PROFESSIONAL CHALLENGE? Our biggest challenges come with marketing and selling the product. As a winemaker, you tend to strictly focus on making wine. As a small winery, it's important to understand how vital a well-rounded team is and admit that selling wine may not be your specialty. Luckily, we realized early on how important a great team of people is in achieving all business goals.

VARIETALS THAT YOUR WINERY IS KNOWN FOR: We are known for our Cabernet Sauvignon; but because of our passionate addiction and joy of winemaking, we make 15 other varieties.

jake lorenzo

New World

TRYING TO WRITE ABOUT a fast moving, real-time news story, when you know your story won't be printed for a couple of months presents the real possibility of making you look like a fool. Then again, in the face of this world-wide pandemic there has been no shortage of fools, but there has been a shortage of toilet paper.

It is hard for this detective to wear a mask. After all, masks are symbolic of robbers or waiters when they approach your table with the "By-the-Glass" list. Private eyes are supposed to be the good guys. Not only that, but there is a shortage of masks. I don't even know where to buy one, yet everyone else has managed, because they are all wearing them whenever I go out.

Instead, I take one of the brightly colored bandanas I got from my zydeco dancing days in New Orleans and fashion it into a triangular face covering. I don't know if it will protect me from the virus, but it makes me look like a psychedelic Jesse James. I am careful not to take my gun with me when I'm wearing the bandana facemask. The butcher might get the wrong idea and think I am a robber. The virus is bad enough. No one wants to get taken out being clubbed to death by a desperate butcher wielding a turkey leg.

Thankfully, this detective has a strong wine cellar. Since we can't have company, the amount of wine we have will surely get us through this pandemic.

In my past life, Jake Lorenzo has always travelled. I like live music, take every opportunity to sample food prepared by talented chefs, and enjoy walking through a vineyard with the owner listening to him talk about grapes. I love spending time with friends, especially eating food and drinking wine, but I know that this virus is changing things, probably for the rest of my life.

Jakelyn's mother and I have been home since March 11. We have gone shopping twice, been to the bank once and obtained the services of a notary to update our will. We have not gone out to restaurants, movie theaters or sporting events. We have canceled our trip to New York to see Judy Kaye on Broadway in the new play, Diana. We have also cancelled our planned two-week visit to New Orleans in May. We hoped to visit the Fonsecas in Guadalajara in June, but I've stopped looking for flights.

Jakelyn's mom talks to Jakelyn every day. Our daughter is busy sewing masks for healthcare workers near her Woodinville home. Her youngest daughter is helping her. The older daughter continues to work as a veterinary technician caring for pets, and Jakelyn's husband keeps busy with his work at Microsoft, but he does it from home. They are all baking cookies and bread and making pancakes for breakfast, trying to live a normal life, but it is a new world.



Jake Lorenzo still cooks, but it is just for the two of us. Last night I made a turkey pot pie, when I weighed it, it topped out at eight pounds. We ate some hot from the pan with a delicious 2014 Cune Rioja Reserva. A bunch of individual left-over portions now reside in the freezer.

The same is true with all three-dozen enchiladas Jakelyn's mom made the other day. We started with a glass of crisp, perfumed 2018 Zolo Torrontes to eat the enchiladas followed by a bottle of 2016 Guerrilla Vino Pinot Noir. Earlier in the week, we had a lovely lamb neck stew that we served over egg noodles with a 2016 Abacela Barrel Select Tempranillo.

Our days are spent mostly weeding the garden and going for short walks. I listen to music while I read books and I talk with friends on the telephone while I sit on the porch sipping wine. Chuy Palacios occasionally drops off a container of birria or carnitas and we swap it out for some homemade sausages or some of Jakelyn's mom's cinnamon rolls. We wistfully wave at each other and talk across the driveway, but we maintain distance. Even though we speak on the phone most days, I miss the contact. It's just not the

same, but we're living in a new world.

Dr. Iggy Calamari is trying hard to discover a remedy for the virus. His approach is unique, and there is no way a simple private eye can explain the complicated science of it, but Iggy wants to attack the corona virus with sound. He plays certain sounds continuously for several days projecting special sound waves that make those little red crowns you see on the virus explode like the heads of Martians in Mars Attacks and rendering them unable to spread. Unfortunately, the only sounds he's found that explode virus coronas are the Disney song, *It's a Small World* and Pat Boone's rendition of *Smoke on the Water*. Jake Lorenzo thinks

having to listen to either of those songs for extended periods of time might be worse than contracting the virus itself, but I'm just a simple private eye.

Not only that, but Calamari says there is a serious side effect. Not only do these songs explode virus coronas, but for some unexplained reason they also render yeast incapable of normal activity. So, there may be a cure to corona virus, but it's like Moses leading us through the Sinai: there would be no bread, only Matzah. Jake Lorenzo could probably live with that. After all, we are talking about the survival of the planet, but what if it also effects wine yeast and we are left with nothing but grape juice?

Imagine a future when we can no longer make wine. If Calamari doesn't correct the side effects of his cure, it could happen. Famous restaurants are already auctioning off their wine cellars.

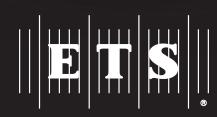
Thankfully, this detective has a strong wine cellar. Since we can't have company, the amount of wine we have will surely get us through this pandemic. In fact, tonight Jakelyn's mother has insisted I grill her a ribeye steak. I'm going to serve it with a 2017 Little Hill Pinot Noir from Rochioli. Why Pinot with beef you ask? Because it is Boeuf Bourguignon, not Boeuf Bordeaux. Some things don't change, even in a new world. **WBM**

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