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Nimble Sonoma wine company zips into the fast lane

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Roy Cecchetti of Cecchetti Wine Co. with his five brands of wine in his Sonoma office.

Roy Cecchetti sits at a wooden desk in a 200-square-foot shack, a former tack room in his backyard that serves as an office for his $15 million company.

It is perhaps a fitting home for his latest brand, “Austerity,” which his company launched last month.

The modest Sonoma office space belies the success of Cecchetti Wine Co., which has grown at double-digit rates over the past five years and has, like Cecchetti's previous ventures, repeatedly been named among the fastest-growing companies in the country by Inc. Magazine.

The latest branding opportunity occurred to Cecchetti as he watched the morning news on CNBC following the Italian elections, which recently roiled stock markets worldwide as voters rejected austerity-minded politics.

“It's kind of a play on the times we're in,” Cecchetti said. “All you hear about is this word 'austerity,' and it dawned on me that it would be a cool brand name.”

His proposition with Austerity, like his other brands, is to deliver wine that tastes great but doesn't break the bank. The company took its message to Wall Street, attempting to deliver bottles of Austerity to the CEOs of major banks with a video crew in tow. They didn't make it very far into the banks, but they're hoping to try again in Washington, D.C., if they can figure out how to deal with those pesky rules regulating gifts to lawmakers.

Brand development is crucial for companies like Cecchetti Wine Co., which owns no winery, vineyards or tasting room. It's all about delivering the message, by catching a customer's eye on a crowded supermarket shelf or creating viral web campaigns spread by social media.

The company owns five brands, including Redtree and Line 39, which have both received “Impact Hot Prospect Awards” and were named “Rising Star Growth Brands” by Beverage Information Group. Cecchetti Wine Co. has been named among the hottest wineries in the state repeatedly by Gomberg, Fredrikson & Associates, a wine industry consulting firm based in Woodside.

In 2012, Cecchetti Wine Co. enjoyed its fifth consecutive year of double-digit growth, selling 340,000 cases of wine and achieving more than $15 million in revenues, Cecchetti said. This year he expects to sell 400,000 cases with $17 million in revenues. The operation is lean, with seven employees nationwide.

The company is an avid user of social media to promote its brands. Each has its own Facebook page, and the Line 39 page offers pairings ranging from creamy broccoli soup with cabernet sauvignon to M&M's with merlot.

“The target for all our wines is Millennials, which is the future of the wine industry,” Cecchetti said. “Those kids, as I call them, are driving wine.”

A promotional flier called “Austerity 2012 Annual Report,” sent with wine samples to media outlets, includes a chart showing that Millennials, aged 21-34, mostly buy wines priced under $15, and buy less wine as it gets more expensive; the opposite buying habits of Baby Boomers.

“My generation, we're hung up on terroir, and this and that, and I can't drink that wine because we're having fish,” Cecchetti said. “You drink whatever you like. Whatever you want. And it's hard to change that mindset of our generation, but I think this financial crisis we went through showed people of my generation that why in the world do I have to spend $50 to $100 on a bottle of wine?”

Millennials buy wines because they like the label, or they think the name sounds cool, unlike Baby Boomers, who are more likely to buy wines based on reputation or reviews, Cecchetti said.

“Brand names are important, but the packaging is just as important,” Cecchetti said. “You've got to get that consumer to pick it up.”

Line 39, a brand named for the latitude line that runs through Lake County, where most of the brand's grapes are sourced, has a look specifically designed to catch the eye of particular customers. For the Line 39 sauvignon blanc, the design firm CF Napa chose a light blue hue that resembles the color of a jewelry box from Tiffany, and a bright orange screw cap, to draw the attention of its predominantly female consumer base.

“You can see that a mile away,” Cecchetti said.

The brand's red wines — cabernet sauvignon, merlot and petit sirah — are outfitted with a cream-colored label designed to appeal to men.

“I don't think it's enough anymore to create a wonderful wine,” said David Schuemann, owner of CF Napa, which re-designed labels for Line 39 and Redtree. “It used to be enough to follow the European version, to create a wine, and have a very information-based label, or very traditional.”

But marketing to Millennials is different, he said.

“It's definitely a demographic that doesn't like to be pandered to, overly marketed to,” Schuemann said. “They're very much about discovery, so creating brands that they feel are something they've discovered, that are not mass market. Creating brands that feel more boutique.”

The idea for the Austerity video stunt was inspired by the book “Too Big to Fail” by Andrew Ross Sorkin, said Sean Carroll, account supervisor at Benson Marketing Group in Napa, which led the campaign.

“We were thinking about how we could make a splash, both from a publicity standpoint and to tie in with consumers and what they're thinking about right now, in terms of the budget and fiscal cliff and now the sequester,” Carroll said.

Reaching customers where they are — online — also is important. In another unusual campaign Benson Marketing Group led for Cecchetti, the company staged an election last year called “Vote Pinot,” a social media and in-store promotion complete with bumper stickers and election yard signs that asked customers to choose between pinot noir and pinot grigio. The Redtree Facebook page was updated frequently with election maps revealing early results, photos of campaign materials, and an anecdote about a federal investigation into voting irregularities. In the end, pinot noir emerged victorious.

“When you're dealing with distributors, you're always trying to get their attention,” Cecchetti said. “This (Austerity campaign) was something where we could go to a distributor and say, 'Hey, we're gonna get some press on this thing.'”

Although Cecchetti Wine Co. is likely large enough to land an account with the nation's largest distributors, Cecchetti chooses to work with smaller, independent distributors. Cecchetti's advantage, he says, is that most of the brands sold in large quantities in the $10-$12 range are owned by major companies that won't work with small distributors. He adjusts pricing so that his wholesalers will make 25 to 30 percent of the retail price, an improvement over the 20 percent or less that wholesalers earn from companies with larger volume, Cecchetti said.

“When you're in the really big houses it's really hard to maintain the salesperson's and the trade's attention for your brand, because those large corporate players have a lot of stuff to move,” said Eileen Fredrikson, partner in Gomberg, Fredrikson & Associates. “So Roy has put together smaller but strong distributors, where his brand is really important. So they pay attention, they present those wines in every on-premise and independent retailer account they have every month, and they get placements.”

Cecchetti, whose winemaker Bob Broman currently makes the company's wine at The Ranch, a custom-crush facility in St. Helena, is now looking for a winery facility to buy, preferably one that can handle producing 1 million cases per year. His company doesn't yet distribute to large markets like Texas, Florida and Illinois, and is likely to more than double its production level once the brands are in more of the large markets, he estimates. At this point he's not interested in a tasting room.

Cecchetti's not pessimistic, but he's also not worried that the Austerity brand will lose its appeal if and when the economy gradually improves.

“I think this is here to stay,” Cecchetti said. “We can really play off this thing, because people are always looking for ways to save money.”