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High-End Retailers Talk Packaging

Earn an elevated price-point with an elegant look and outstanding wine

By Jane Firstenfeld

Monday, Jan. 2, was a federal holiday, but The Back Room in downtown Napa, Calif., was open for business. When a pair of young women came in search of a special bottle to share that chilly afternoon, they had a rough idea of what they might like, but asked merchant Chris Foster for guidance. Familiar with the diminutive shop's ever-changing selection of small-production wines, Foster helped them zero in on some hard-to-find French red wines, which they discussed in detail.

Eventually, the ladies whittled down their choice to Le Nain Violet, a French Grenache from the Côtes de Catalan district. At \$21, it was a relative bargain in the shop, which (not surprisingly) specializes in Napa Cabernets in the \$45-\$75 per bottle range.

Bianca Ross, a local customer, examined the label before finalizing her transaction. She wasn't looking for glitz. "I like to see information: the region, the variety," she explained. The black script and violet fleur de lis on the label was attractive, but simple and traditional.

"Simplicity is on the rise," Foster confirmed. "But we don't really care about labels." Neither do his customers, he added. Staff at the Back Room personally taste and write tasting notes for each of the approximately 1,000 SKUs they sell—virtually all of them from wineries with less than 1,000 cases of annual production. All are in bottles—no bag-in-box or pouches here.

Despite its Napa roots and the primacy of pricey Napa Cabernets on the front shelf, a good proportion of Back Room's sales are imported wines, especially those sold to local clients (as much as two-thirds of its sales are shipped to clients across the country.) With many

overseas producers adopting screwcaps, is this a problem for traditionalists?

"Savvy buyers don't really care," Foster said, especially for a \$20 red blend or even a \$75 Austrian Grüner Veltliner. Big, age-worthy Cabernets are another story: The only wine in the shop under screwcap was from CADE Winery.

Does packaging count?

For producers of mass consumer brands, you bet. These bottles must capture customers' eyes across the visual noise of a crowded supermarket and, sometimes loudly, remind casual wine drinkers what they've liked before. Wine lovers who frequent smaller, specialty retailers are not as easily persuaded by packaging or labels, according to top wine shops across the country, referred to us by local sources.

As at Back Room, these wine shops cater to repeat customers who rely upon recommendations from the merchants via shelf-talker tasting notes or personal advice. Like Back Room, the other merchants we interviewed favor small-production wineries

or more "adventurous" wine varietals to keep their stock rotating and their regulars intrigued and coming back for more.

According to Dan McCallum, owner of Vinopolis Wine Shop in Portland, Ore., most of his repeat customers are looking for something new. "Most buy wine types they are familiar with. If they don't like the wine, they don't care about the label." Packaging, he said, "doesn't affect my purchasing decisions" in a business where the average bottle sale, even reduced by the recession, remains \$40-\$50 per bottle.

Recession-proofing

In one way, these retailers agreed, the past few years of recession have not affected wine purchases: Their clients have not reduced their consumption, just their favored price-point. McCallum said the "sweet spot" for his regulars is about \$20 less than it was pre-2008. At Zeto Wines in Greensboro, N.C., "Shoppers lowered their everyday wine purchasing points," but, "over several years, we've begun to see a slight increase during the holiday season," said owner Su Peterson.

"I think people are more value-shoppers than we used to

have," said Phil Wilson, general manager of West Meade in Nashville. "Whatever price-point people were shopping at, a large number have dialed that down one notch. In total volume we're not selling less."

Wilson's insight bears special import for wine packaging at the daily grab-and-go level, \$12-\$15 per bottle. "In general, an attractive label that catches the eye tends to sell better than something more mundane. We see a lot of this: There's a bottle of wine that we know is at a good, affordable price with real bang for the buck—a really solid bottle of wine next to something very average, not really half in terms of quality, with a cute label." In this case, he said, the cute label seals the deal.

"Packaging makes a big difference," but silliness doesn't sell, agreed Pete Petropoulos of South Lamar Wine & Spirits in Austin, Texas. "Don't make it too gimmicky or too cheesy," he stressed. "People won't take the wine seriously." These days, "It's about the juice. People are looking for more serious, classic labels."

"People don't curtail their drinking, just their spending," agreed John Allen, owner of Vino wine shop in Spokane, Wash. Since the age of the critter labels early in the last decade, there's been a "generational shift," he said.

"They don't care about the monkey on the label, but you'd better make a decent wine. And put the names of the grapes on your blends: If you hide that, people want to know what's in the bottle. They know the names of the grapes. Composition counts."

Label trends ebb and flow, Allen observed. "As a small outfit, you are in a marketing, branding business." The sophistication of your package, the veteran marketer believes, must match the price-point you are asking for your wine. "As a winery matures, it needs more grown-up labels for its grown-up wine." Hailing Washington's L'Ecole 41 for its recent label redesign (see "New Class for L'Ecole No. 41" in the October issue of *Wines & Vines*), he cited another Central Washington winery, White Heron, as a brand that has embraced maturity with a sleek new look.

"Traditional types of labeling work best," said McCallum at Vinopolis, but sometimes buyers want the adventure of buying something new. In that case, he said, "Something more *avant garde*, new age-y," can be effective, but only if it's very well and artfully done. For high-end wines, he stressed, "Critter labels don't work." In grocery stores, "Frisivolous labels get attention. There's a place for them, but they impair opportunities in some circles."

In Napa, Foster confirmed, "Simplicity is on the rise for what we deal in: elegant and classic."

Wines purchased for special occasions or business gifts remain a specialized category. Corporate clients, Allen said, still seek wines that arrive in custom wooden boxes, for instance. Vino has an elite segment of wine club clients who pay an extra \$50 per year for first crack at the tissue-wrapped, wood-boxed, allocated wines in heavy bottles preferred for presentations. L'Aventure, a 6,500-case Paso Robles, Calif., Cabernet and red Rhône-variety specialist whose wines average \$65-\$100 per bottle, is a favorite for its keepsake boxes. "To make an impression—for some, that's important," Allen said.



Retailers share customer notes

- **Zeto Wines, Greensboro, N.C.** Owned by Despina Demetriades and Su Peterson, this shop normally carries 300-350 wine SKUs and can access thousands. More than half are imported, followed by West Coast wines and a handful from North Carolina. "We seek out high-quality wines from small-production wineries and also look for less-well-known varietals," the owners said.
- **West Meade Wine & Liquor Mart, Nashville, Tenn.** Wine accounts for two-thirds of the shop's inventory, with about 3,000 SKUs. General manager Phil Wilson said the majority are from the United States, primarily California, Oregon and Washington. Most shoppers are repeat or "somewhat regular" customers, many looking for specific brands or wines.
- **South Lamar Wine & Spirits, Austin, Texas** Formerly known as Oak Hill Liquors, this merchant moved to a new location, enabling owner Pete Petropoulos to expand to some 2,000 wine SKUs, which account for about 40% of sales, predominantly Californian and South American wines. The retailer's shoppers, mostly repeat customers, tend to "know what they want."
- **Vino, A Wine Shop, Spokane, Wash.** This 16-year-old shop sells to loyal regulars who are looking for something special. One-third of Vino's income is derived from the shop's wine-of-the-month membership. Owner John Allen and his staff taste more than 200 wines per month to keep 2,000 SKUs in stock.
- **Vinopolis Wine Shop, Portland, Ore.** Founded in 2004, Vinopolis strives to maintain a selection of 2,500 different wines, augmented by another 40,000-80,000 bottles in its underground cellar. It ships more wine to online purchasers than it sells in person, said owner Dan McCallum.

J.F.



White Heron transitioned from a colorful, artsy package to a sleeker, more mature look.

Does non-traditional sell?

With these wine specialists, not so much. Screwcaps are quietly gaining acceptance, with little fanfare. Already accounting for almost all New Zealand wine bottlings, and with major impact in both South America and European producers, they account for small, if meaningful, percentages in these high-end U.S. stores.

At Vino in Spokane, screwcapped wines contribute “probably 20%” to wine sales. “They can be a put-off for

some folks,” Allen said. McCallum at Vinopolis estimated the percentage there at 10%-15%. “There’s no preference, but very little resistance,” he said. “They still tend to be concentrated in high-production wines.

In his Nashville store, Wilson observed, “Virtually everything from New Zealand” comes with screwcaps, but the overall percentage in his store remains at 15%-20% screwcap. “If they’re not real current with what’s going on, they still view screwcapped wines like Ripple or Boone’s Farm,” he admitted. But these customers, he said, “haven’t kept abreast of the freshness factor and technology.”

That said, “A lot of our older clientele like screwcaps” if they want to drink a glass or two of wine from a decent bottle. “Corkscrews get harder to use” as consumers age.

“People are getting used to it,” Petropoulos commented. “Really snotty people can’t get over it, but younger people don’t have a problem with it. Everybody agrees screwcap is better in terms of performance.”

In Greensboro, the Zeto owners sell about 25% screwcapped wines, a percentage that has increased in three years. “They were a turnoff to some, early on.

They have, however, found the convenience of opening the bottle with a screwcap, so it has come into general favor,” they said. Zeto has some customers who still resist screwcaps at higher price-points but have embraced the elegant glass VinoLok with enthusiasm.

Bag-in-box packages are not big sellers in these specialty stores—if they are even available. Vinopolis doesn’t carry them, nor do Back Room or Zeto.

They are gaining some acceptance in Austin, Petropoulos said. “They are cooler, more trendy, and not what your grandma used to drink.” In Nashville, Wilson said, “Bag-in-box has seen considerable growth in the last two or three years, as quality has improved.” He’s especially high on a Spanish Garnacha from Viña Borgia, which he sells for \$24.99 per 3-liter box. “We’ve seen fairly explosive growth. One of the selling points is for people who want to enjoy a glass or two” and save the rest.

In Spokane, unofficial capital of the Northwest’s hyper-outdoorsy Inland Empire that includes eastern Washington, northern Idaho and western Montana, Cliff Family Winery’s Astro-Pouch package is selling well to hikers and backpackers. The lightweight, collapsible bags “don’t move like lightning,” but they have gained a following as a convenience package in this market.

Bottom line

If you are making high-end, limited-production wine and selling some of it through retailers who give it the hand-sell message, don’t get cute and don’t go fancy with your packaging; that won’t help. Any wine that’s sold at a relatively high price-point should reflect its quality with a package that’s simple, elegant and information-packed.

Given my affection for Grenache wines (see “*Perspective: Gimme Garnacha Wines*” in the December 2010 issue), I was thirsting to buy a bottle of Le Nain Violet at Back Room. Since the previous customer had purchased the last bottle, I asked instead for a Spanish Albariño. Turns out, there were none in stock, but Foster pulled a bottle of Dream, a Lodi-appellation Albariño from Odisea.

Wearing a simple but striking green label and a screwcap, it was closer to my comfort zone price-wise: I took it home for \$16. I never would have singled it out at the supermarket—but it wouldn’t have been there in the first place. **W&V**

