

WINE INDUSTRY
Financial
SYMPOSIUM

October 1 & 2, 2019

CIA @ Copia, Napa

The Wine Industry Financial Symposium's Annual Executive Survey



Ray Johnson

Sonoma State University



Corey Beck

Francis Ford Coppola
Winery



Steve Myers

Distinguished Vineyards
& Wine Partners



Clarice Turner

Joseph Phelps Vineyards

2019 Annual



Executive Survey

**Presented
by:**



Wine Business Institute
School of Business and Economics

Today's Panel



Ray Johnson
Executive Director
Wine Business Institute



Clarice Turner
President
Joseph Phelps Vineyards



Corey Beck
CEO
Francis Ford Coppola Winery



Steve Myers
Managing Director, North America
Distinguished Vineyards & Wine Partners

Board Member Organizations



gouldevans



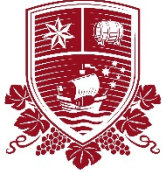
M. SHANKEN COMMUNICATIONS, INC.



WILSON
ARTISAN
WINERIES



Additional Industry Contributors



TREASURY
WINE ESTATES



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FAMILY FARMED SINCE 1924
NAPA • SONOMA • LODI • MONTEREY



BRONCO WINE CO
WINES FOR THE AMERICAN TABLE®
ESTD 1973



PRIDE
MOUNTAIN VINEYARDS

—CK—
MONDAVI
AND
Family



KORBEL
CALIFORNIA CHAMPAGNE



RODNEY STRONG
VINEYARDS



O'NEILL
VINTNERS & DISTILLERS

FRANCIS FORD
COPPOLA
WINERY

JOSEPH PHELPS
VINEYARDS



DISTINGUISHED VINEYARDS
— & —
WINE PARTNERS



ZEPPONI
& Company

J. LOHR
VINEYARDS & WINES



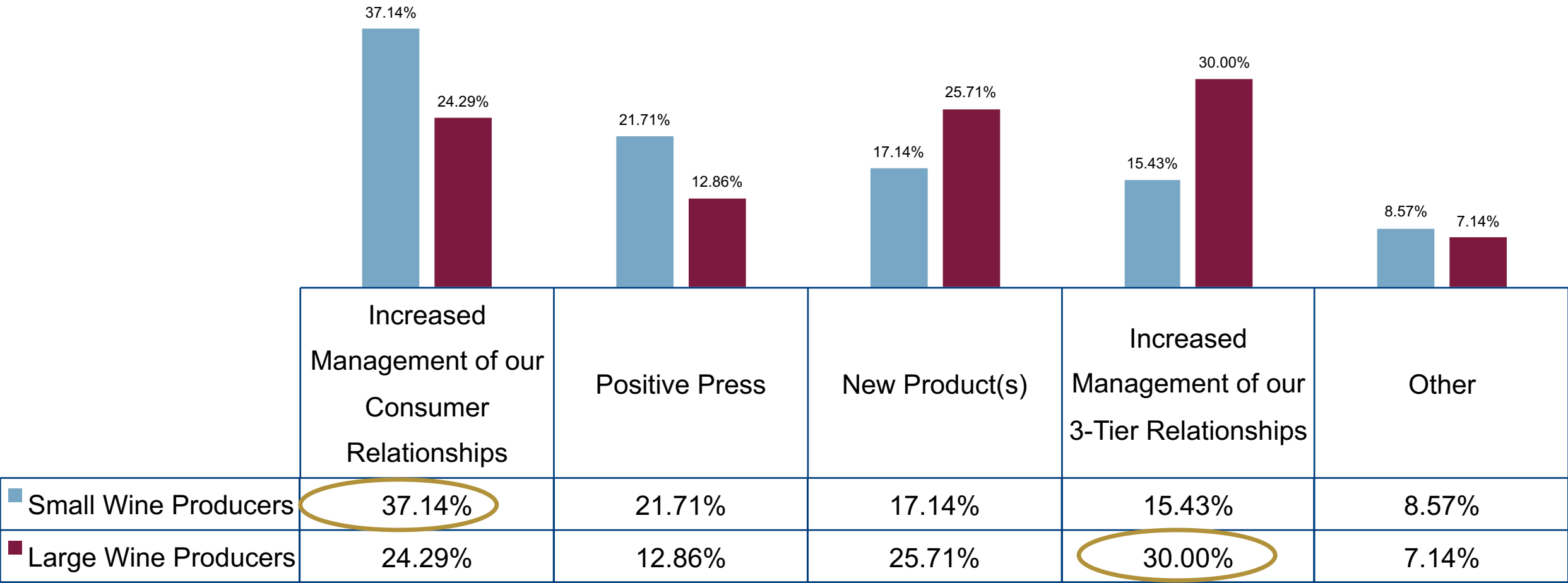
Current Landscape



Revenue Drivers

< 100k case Winery

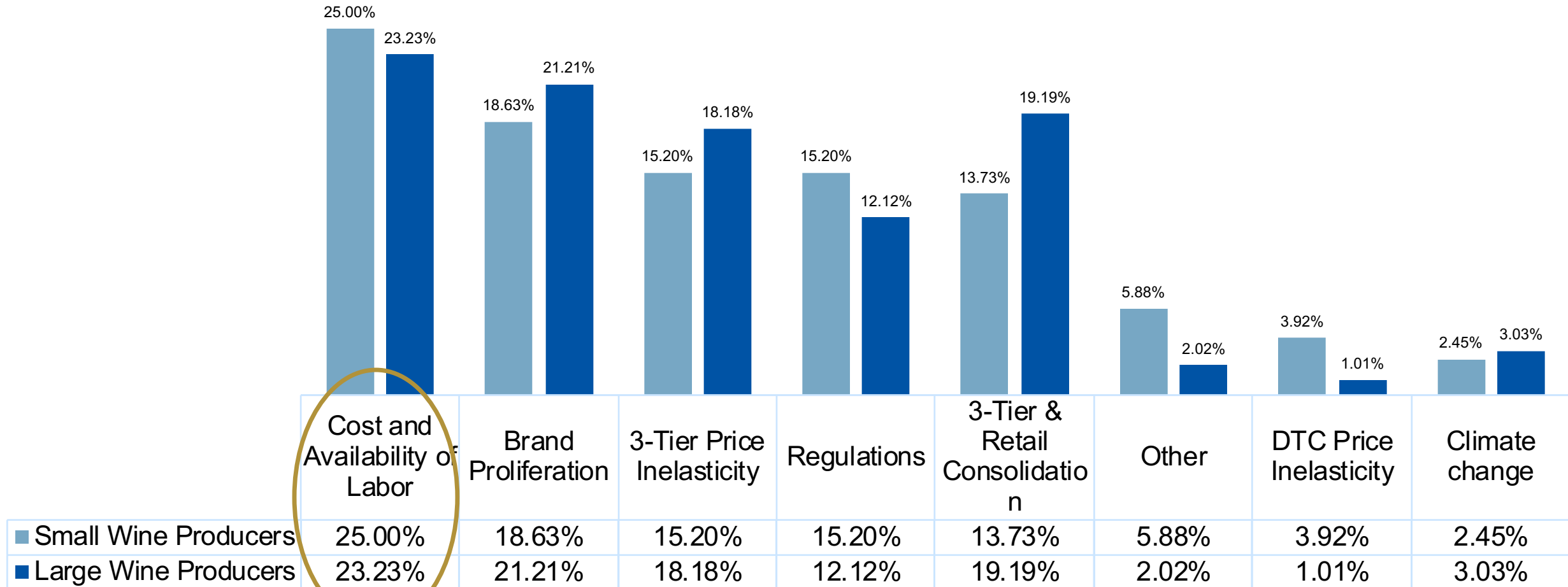
> 100k case Winery



Challenges

< 100k case Winery

> 100k case Winery





Labor

&

Talent

Managing the Tight Labor/Talent Situation

“...high wages in cannabis.”

Are you working on soft solutions, like enhancing employee wellness, company culture?

Yes
68.89%

No
31.11%

Are you enhancing benefits?

Yes
53.33%

No
46.67%

Are you increasing compensation?

Yes
72.26%

No
27.74%

0% 20% 40% 60% 80% 100%

“...direct competition by construction.”



Supply



A Snapshot of Supply Today:

“...the first year in 45 that we’re going to leave fruit on the vine.”

	Short	Balanced	Long
Grapes	9.56%	63.97%	26.47%
Wine in tank and barrel storage	7.19%	58.27%	34.53%
Case goods intended for DTC	8.82%	66.91%	24.26%
Case goods intended for distribution	13.85%	51.54%	34.62%
Case goods out in distribution	23.81%	68.25%	7.94%

“The tanks are full Ray!”



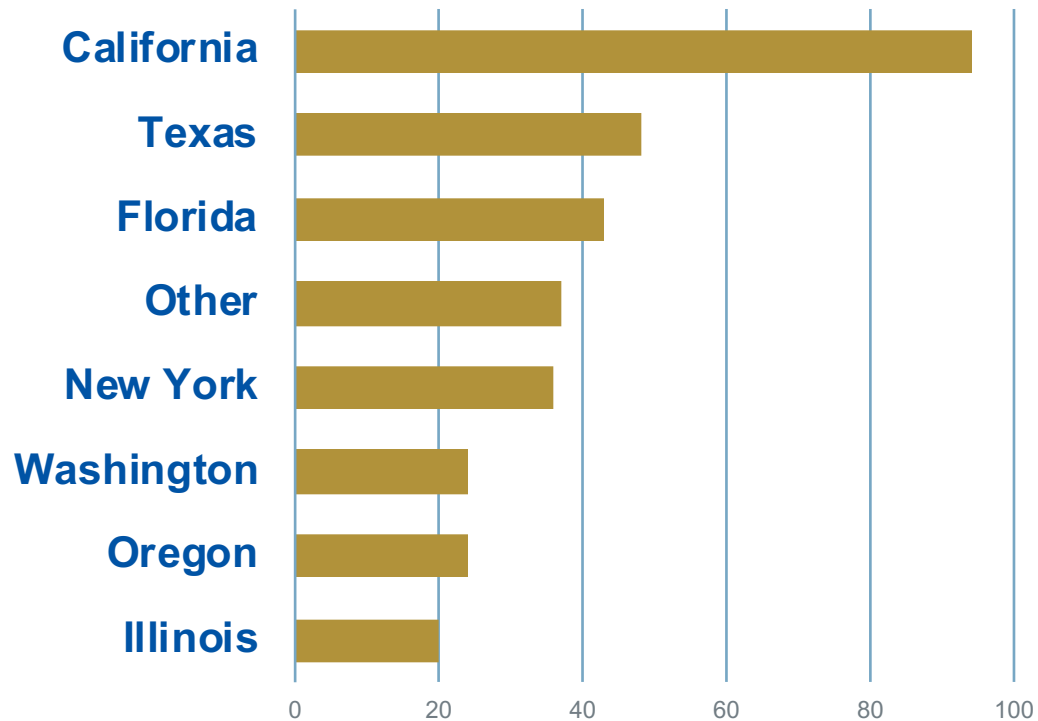
Sales

3 Tier

DTC

Sales

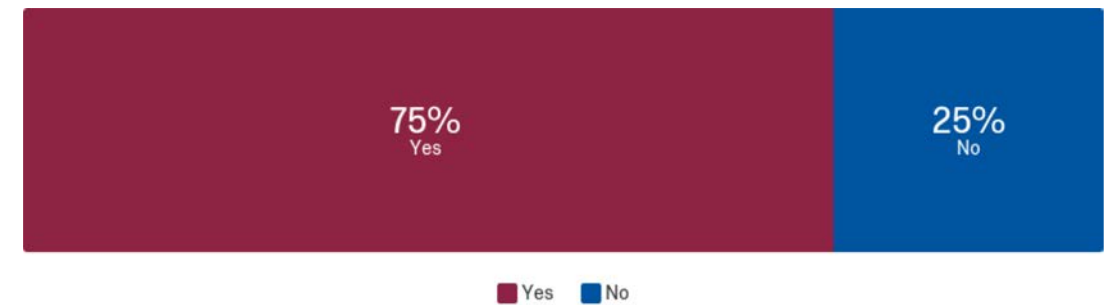
Top three states for sales:



Are you projecting revenue growth?



Are you projecting greater profitability?



3-Tier Year Over Year Sales

“Increasing margin pressure and discounting.”

Sales growth continued
upward
38.89%

Sales are up yet
sales growth
declined
11.90%

Sales are on par
27.78%

Sales have declined
21.43%

“Everybody’s lying.”

CRM Software & 3-Tier



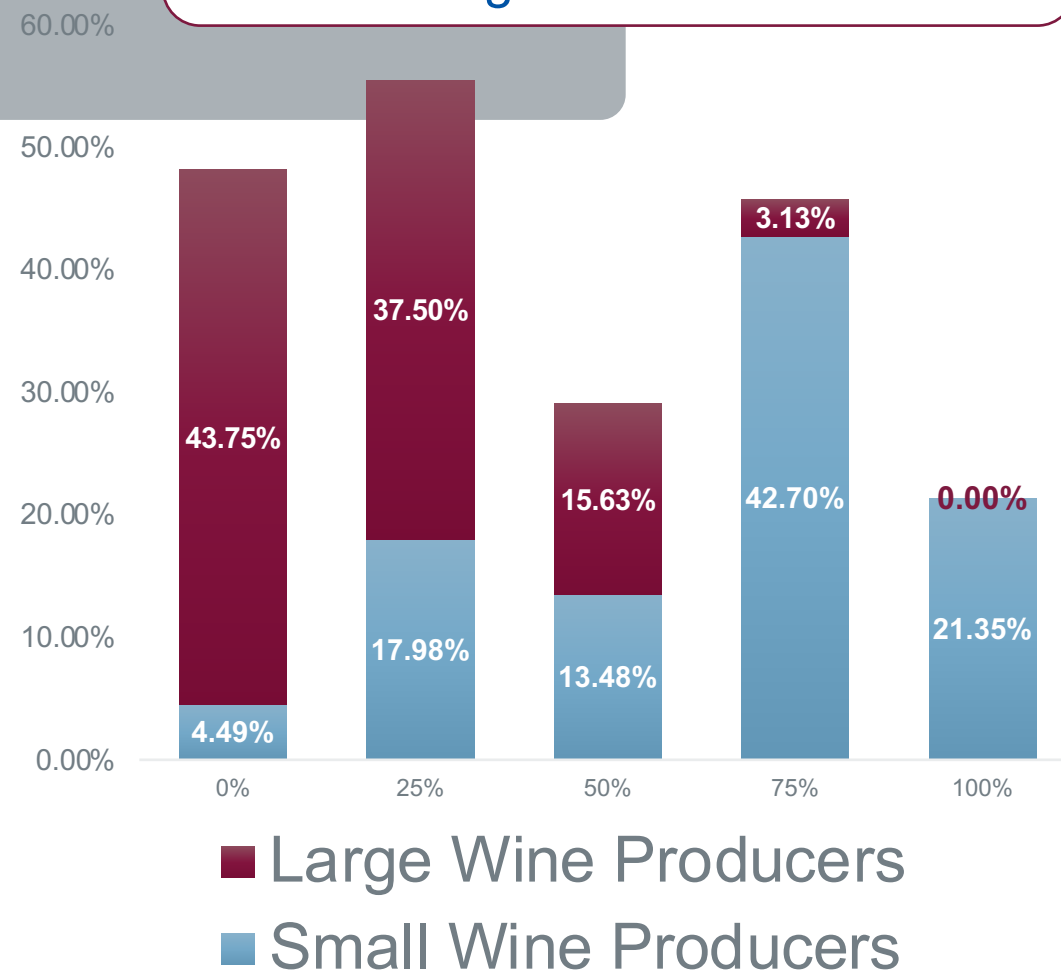
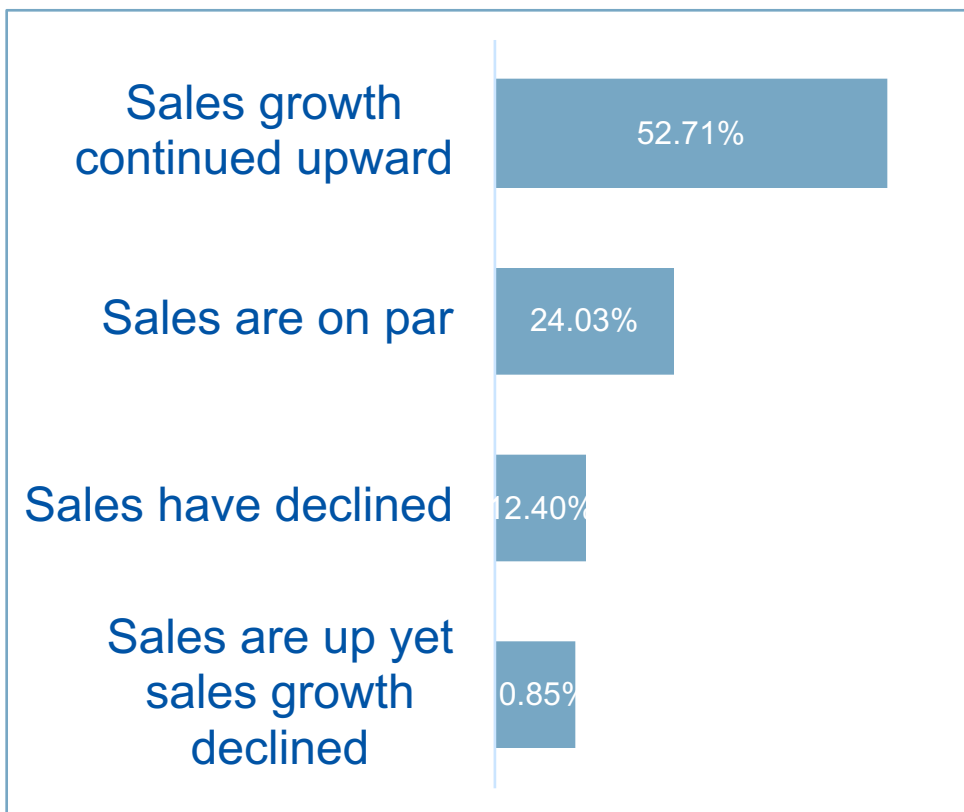
Are you using CRM software to manage 3-Tier relationships?	Percentage
Yes	15.63%
No	84.38%



■ Yes ■ No

DTC Year Over Year Sales

Approximately what % of your company's revenue is DTC generated?



CRM Software & DTC

Are you using CRM software to manage DTC relationships?	Percentage
Yes	50.77%
No	49.23%

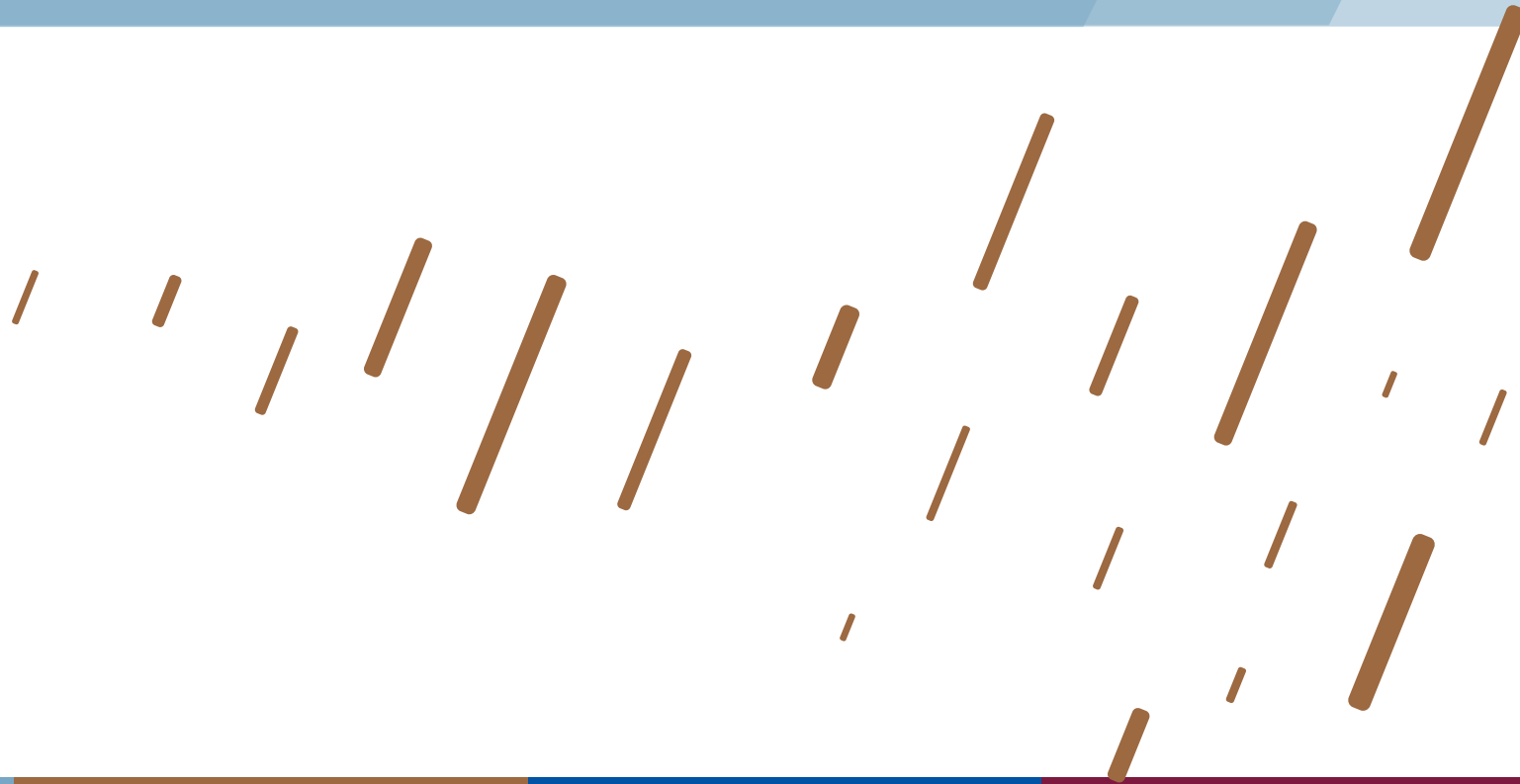


■ Yes ■ No

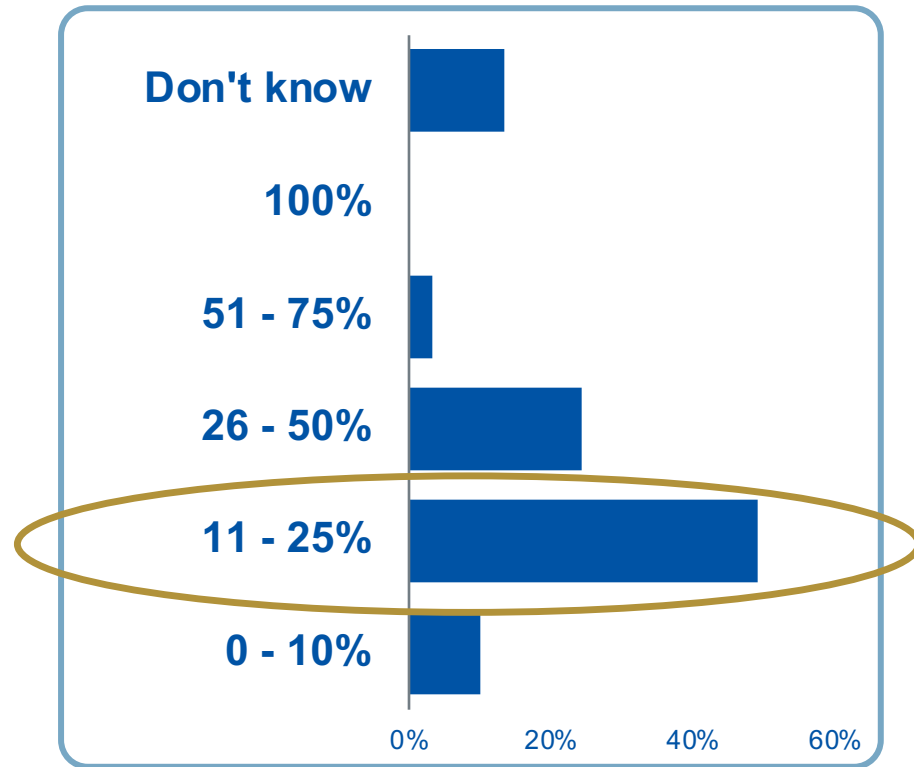


Beyond the Core Consumer

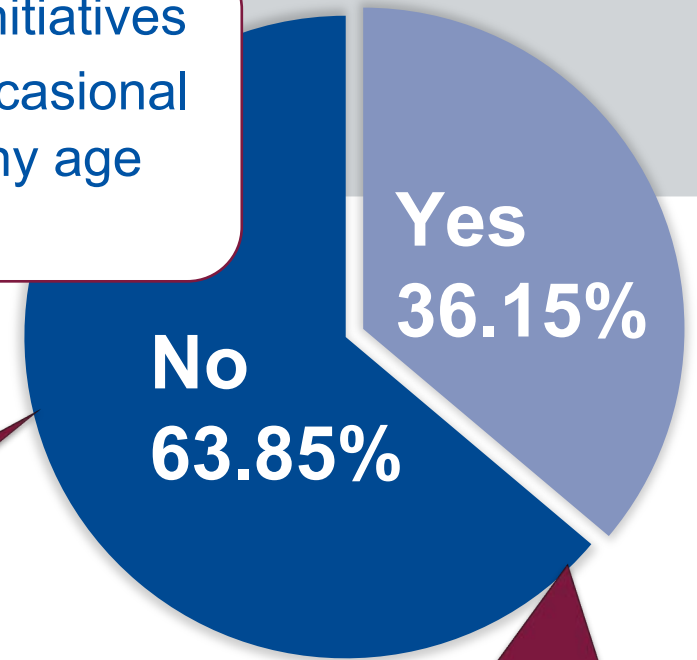
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% of DTC customers estimated under 40:



Are you pursuing any initiatives to reach **non-core**, occasional wine consumers of any age group?



“They require simplified messaging or they move on.”

“We need to start addressing changing consumer buying patterns. We’re selling wine like it’s the ‘80s.”



Trends



Rise of Rosé

Do you have
a rosé in your
portfolio?

Yes

77.27%

No

22.73%

Rosé

Do you plan to
increase the
number of SKUs in
the coming year?

Do you plan to
add one?

Yes
40.00%

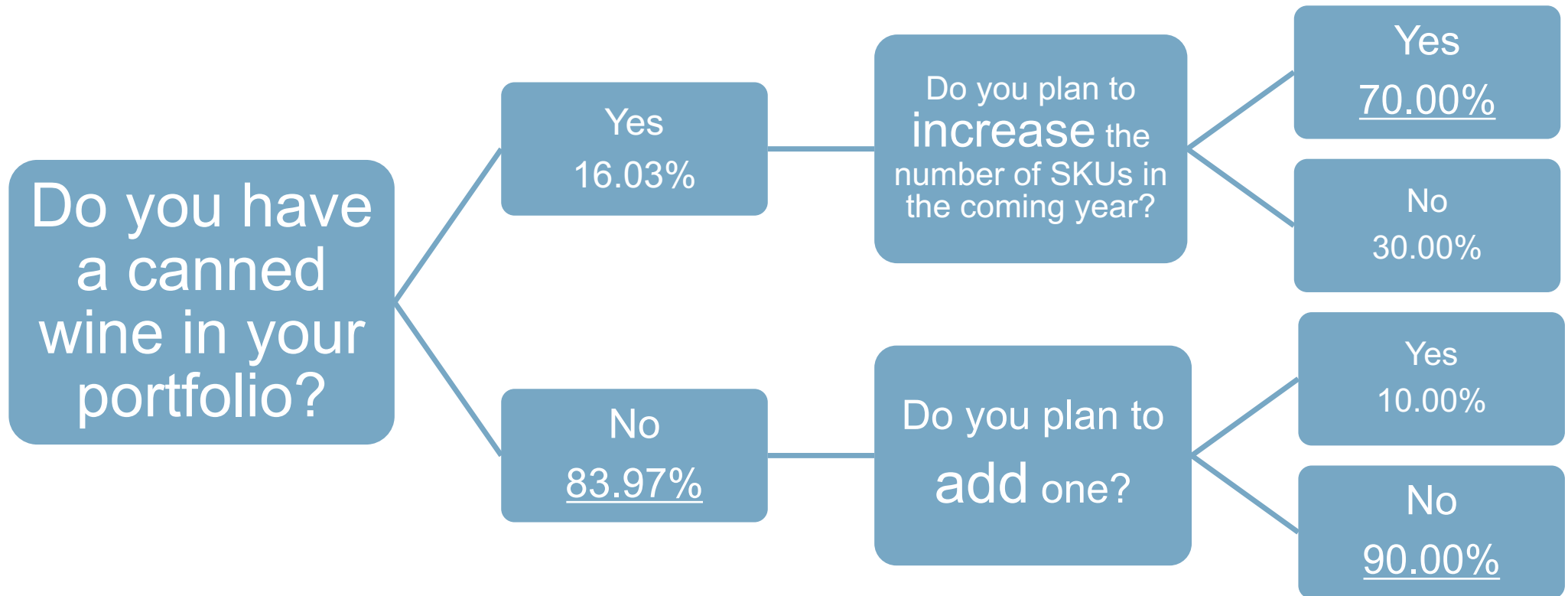
No
60.00%

Yes
17.24%

No
82.76%

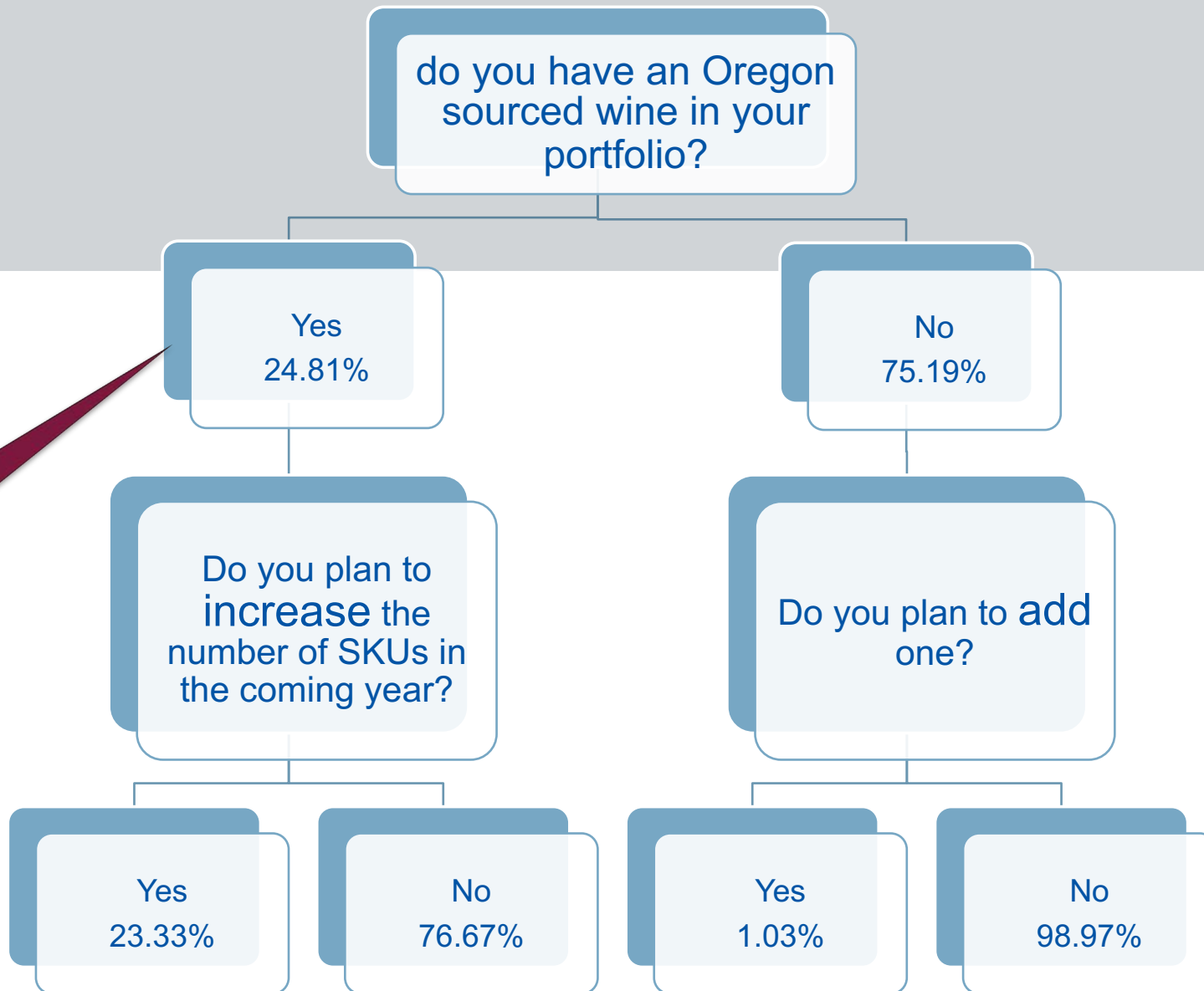
“...still on fire,
our fastest
growing
category.”

Canned Wine





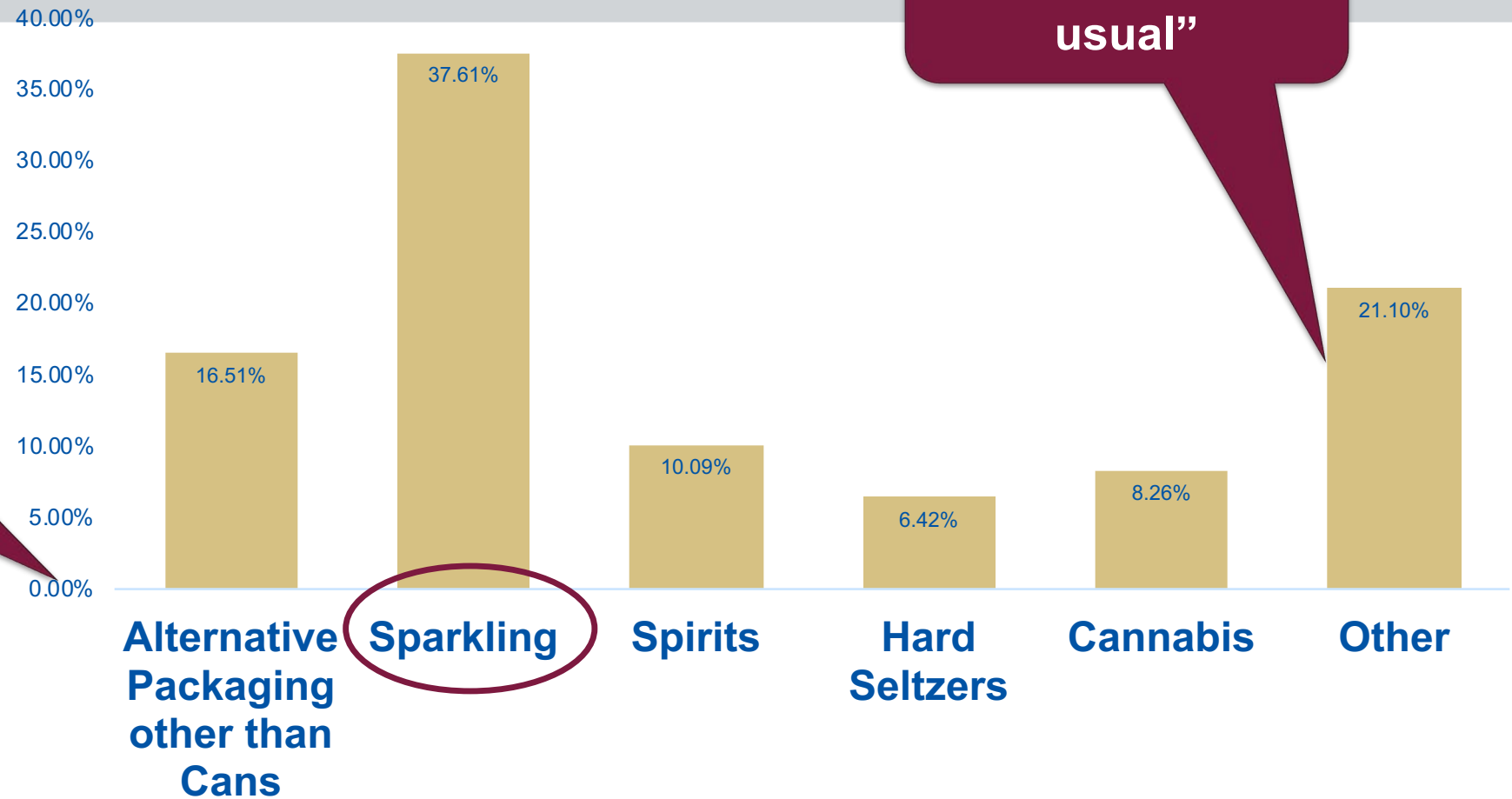
“Oregon is going like a [freight] train.”



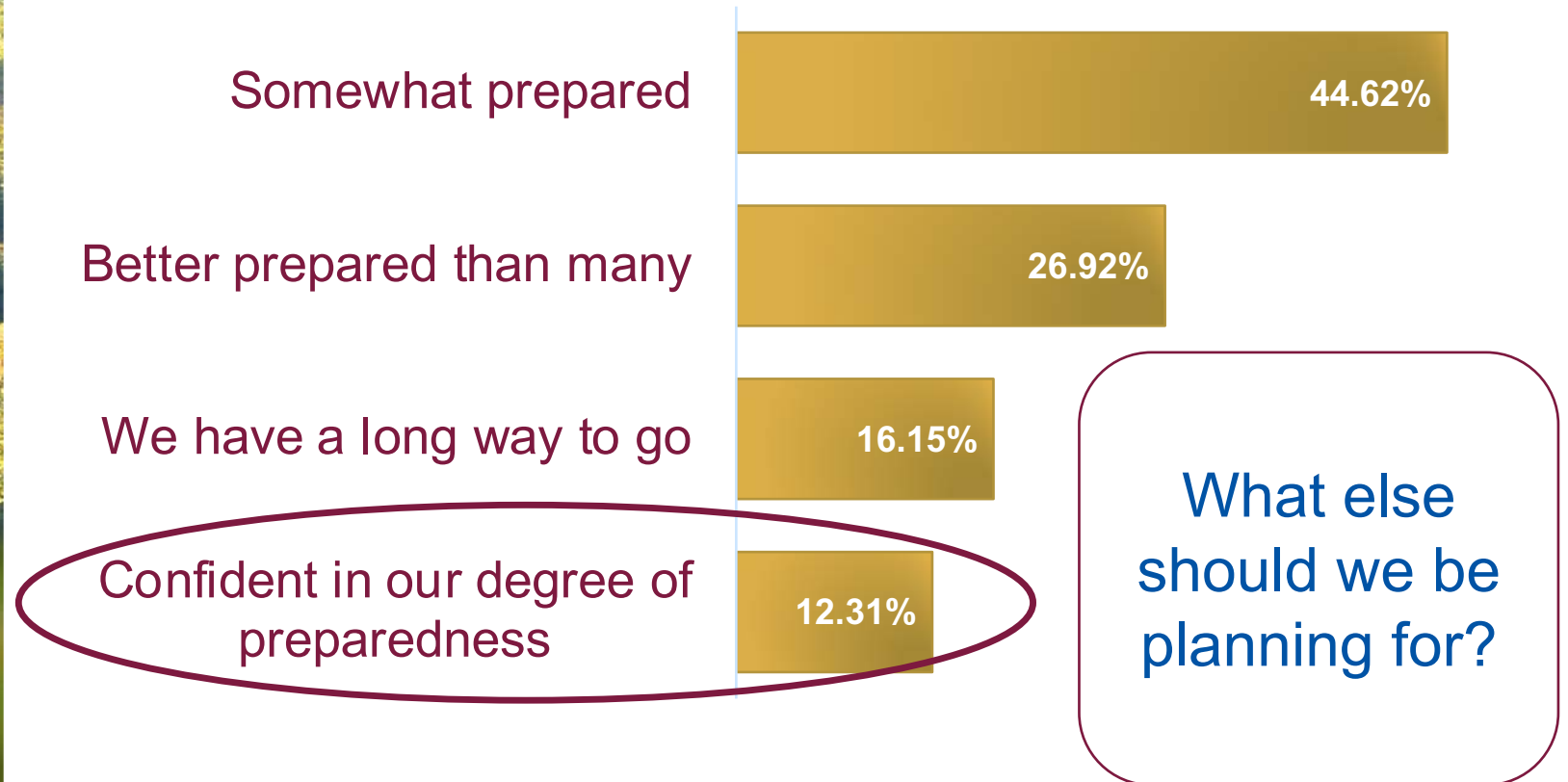
What other potentially hot category will be you betting resources on in the coming year?

“Core brands are down; growth is being driven by innovation.”

“None of these, business as usual”



Emergency Preparedness





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Thank You!

