

# CONSOLIDATION IN THE SUPPLY CHAIN

Wines & Vines Packaging Conference  
Yountville, CA | August 9, 2018

Moderated by Lisa Ehrlich

Lisa Ehrlich Consulting

Wine & Spirits | Brand Creation, Strategy, Marketing & Sales



BUSINESS

## State's 3rd Largest Liquor Wholesaler to Shut Down

August 10, 1993

Bohemian Distributing Co. in North Hollywood, one of the state's largest liquor wholesalers, will shut down its business in early October. The company declined to provide details, but in a letter to its labor unions, Bohemian said it will be closing Oct. 3 "due to the loss of lines from Bohemian suppliers." The shutdown will result in the loss of at least 285 jobs, according to the Teamsters union, which represents drivers, salesmen and warehouse and office workers at Bohemian.



The Robert Mondavi Corporation



Constellation  
Brands

#wvpack

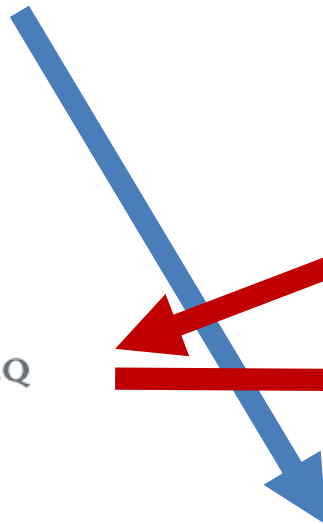


**BEAM**  
GLOBAL SPIRITS  
& WINE, INC.

FORTUNE  
BRANDS



*Beam* **SUNTORY**



ALLIED DOMEcq



Pernod Ricard

**DIAGEO**

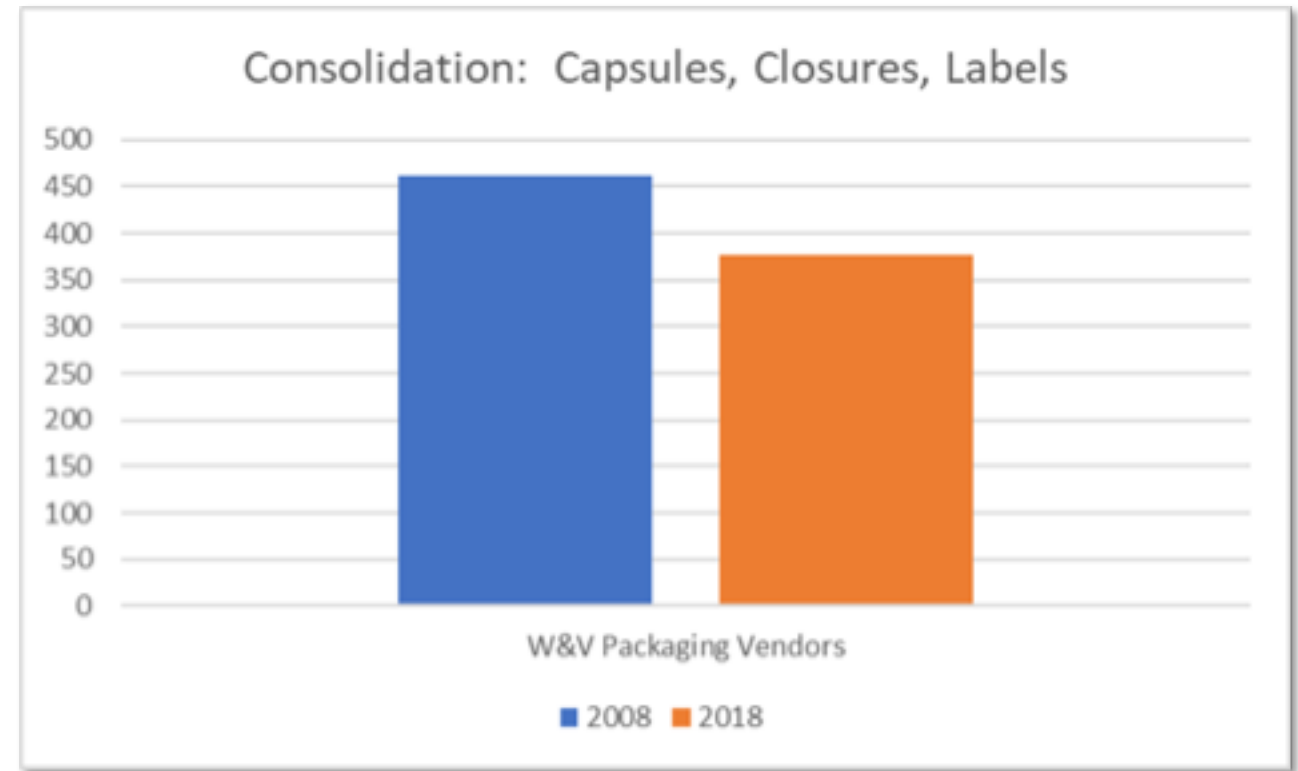
## Packaging Supplier Consolidation: 2008-2018

Wines & Vines Analytics database shows  
active vendor dropped 22% over 10 years.

Includes:\*

- 14 capsule companies
- 42 closure companies
- 42 label companies

*\*some overlap due to business in multiple categories*





## Rich Bouwer, COO

### Free Flow Wines



Joined Napa-based kegging and canning company Free Flow Wines in June 2018.

General manager, Pacific Region, for glass company Saxco International (2006-2016).

Managed supply chain, purchasing and operations for Beringer Wine Estates and E. & J. Gallo Winery.

An early garagiste, he hosted the E. & J. Gallo employee winemaking club, Woof Woof Winery, in his garage.

Rich has sourced wine bottles in the US, Central America, Europe and Asia, and provided packaging to more than 1,000 wineries.

## Perdro Fernandes, General Manager Amorim Cork America



MBA from Porto Business School, Bachelor's Degree in Industrial Engineering from University of Porto Faculty of Engineering.

15+ years of experience in supply chain, sales and business development in paper & forest products.

Oversees Amorim's business strategies and manages their distribution channels, manufacturing and sales team, which has won awards for best performance.

He speaks English, French, Spanish and Portuguese.

## Mark Peters, Director of Operations

### G3 Enterprises, Label Division



Manages operations for the G3 Label Division, based in Modesto, CA. His focus is on manufacturing efficiency, customer service and quality assurance.

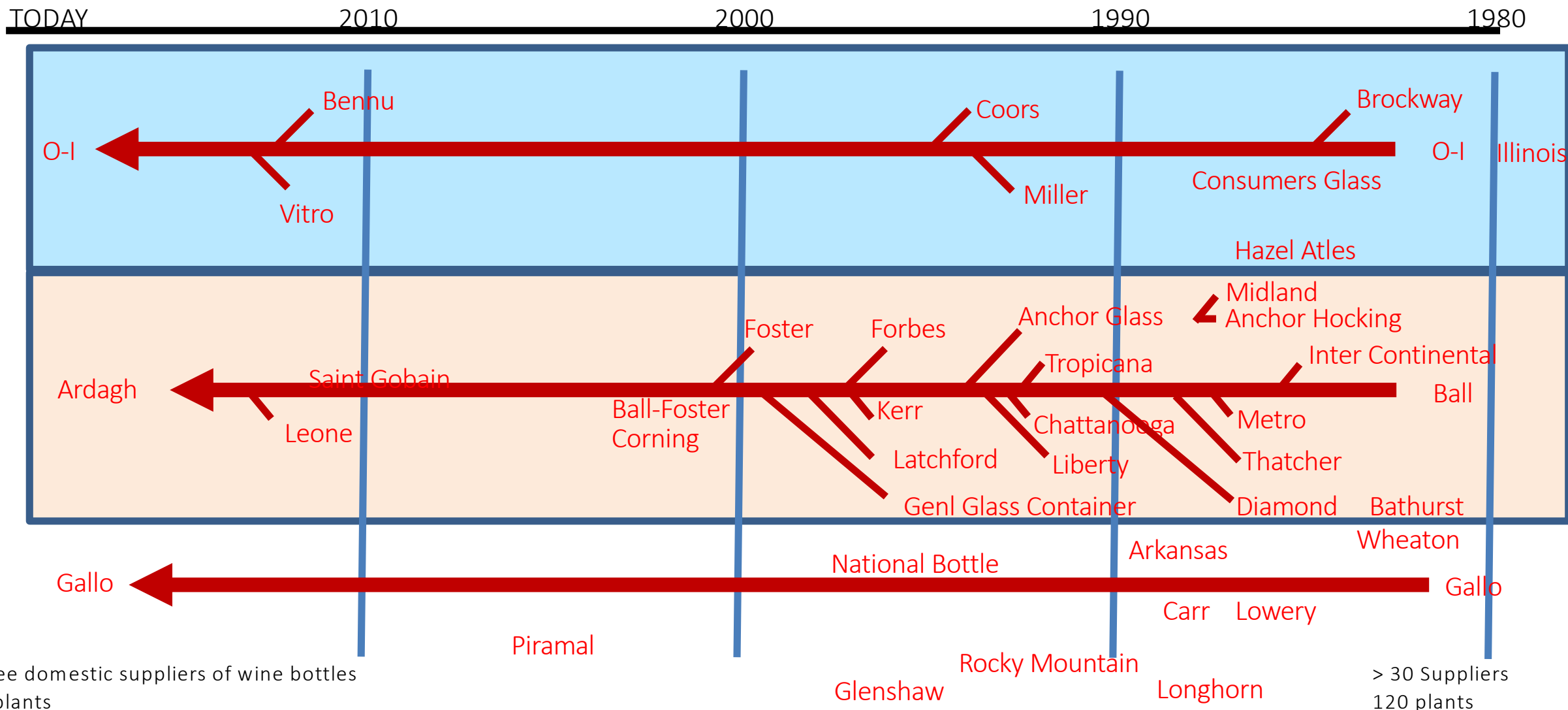
He's helping drive G3's innovative products G Ink Reflection and Gtree 100% PCW Paper.

Wine label business experience includes customer service, estimating, master scheduling, supply chain and sales and operations planning.

An accomplished photography artist, he brings a creative viewpoint to his work

# Consolidation of Domestic Glass Bottle Manufacturers

The three largest players now own 37 of the 43 plants and control more than 90% of the glass containers sold in the US market



> 30 Suppliers  
120 plants

## Packaging Supplies – Elements to Consider

Know yourself. Not all wine brands are the same.

- Quality. How do you define ?
  - ✓ Cosmetic
  - ✓ Speed
  - ✓ Defects per million bottles.
- Lead times.
- Consistency. Vertical collections.
- Service. What is response when something goes wrong?
- Cost & Value



## Paper Supply Chain



### Paper Mills

- International and Domestic Supply
- Lead Times
- Partnership Opportunities
- Innovations

### Converters

- Domestically Concentrated
- Primary Suppliers
- Market and Field tested products
- Service Programs
- Innovations

### Label Printers

- Regionally Concentrated
- Wine and Beverage Specialists
- Technologies Available
- Partnership with Supplier
- Partnership with Customer







# TAKE - AWAYS

1. Take charge – Be proactive – Be engaged with your supplier
2. Know your brand values and what you need in a vendor
3. Over time, service & trust are more important than price & speed
4. The time to address potential problems that could arise in the relationship is up front
5. Agree internally on packaging needs
6. Limit supplier points of contact to as few as possible--ideally one
7. Schedule review meetings with your supplier on a regular basis
8. It pays off to develop a partner relationship with your supplier

## Last Thoughts

Customers still have choice in selecting their suppliers. Even with consolidation, suppliers are ready and willing to help wineries of all sizes innovate and thrive.

