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How Family Wineries Can Compete in the Global Market

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Truth be told, you already are a global player. International competition is in your own backyard as imported wines are gaining market share in the United States. Imports have grown to a record high exceeding 25% of all wine sold in the United States. A December 2006 *Wall Street Journal* article reported, "More than one in four bottles drunk in America in 2006 is from other countries." Whether you are a small Napa producer or a large winery in Australia your business is impacted by forces of globalization: consolidation, competition, price wars, supply chain pressures that resonate across regions, almost independently of country borders.

As you are competing with international wineries here at home, why not proactively develop a global approach to leveraging new opportunities and managing risk? If building a worldwide reputation for your winery is a priority, this is certainly a goal worth striving for.

Here is a checklist to consider before competing as a global player:

1. Your wines are distinctive and as a result stand out from the competition.
2. You are interested in Switzerland (for example) and would like to travel there more often; you know the market and want to support your agent with in-market activity a couple of times per year, especially during ski season!
3. You have committed to set aside international wine allocations for the coming 3-5 years. It takes time to build new markets.
4. Your wines are well known and you are receiving requests for them internationally.

Developing your export market approach requires a well-thought-through game plan, including the following few steps:

1. Maintain focus and start off small.
2. Pick your first export market with care. Currently Canada, England, Japan and Northern Europe are the largest markets for California wine; they also are the most competitive. Consider launching through alternative, niche markets. Caribbean areas such as Puerto Rico and the US Virgin Islands can be good places to get started.
3. Once you have identified target markets, develop your product strategy: figure out which wines you have available, at what quantities and what prices.
4. Then choose an import agent in each country.

5. Do your research. These organizations can help you with your decisions:
 - a. The Wine Institute <http://www.wineinstitute.org>
 - b. For navigating the label and government regulations:
 - Wine Science EU Specific Report: [“New EU Wine Labeling Rules”](#)
 - Alcohol and Tobacco Tax and Trade Bureau (TTB)
www.ttb.gov/itd/interrel.shtml
 - c. Wine Vision Global Exporting: “How to export 101”
<http://winevision.org/globalexporting/Export101.html>

Finally, your global *Go To Market* strategy should support what you want to achieve for your winery, your family and your business objectives. How do you want to allocate and focus your scarce resources of time and money? Competing in the global market place will certainly be challenging, exasperating and rewarding. You will meet great people, have wonderful experiences and form lasting friendships with your partners around the world. Last but not least, you may even make a few bucks while you are at it.

Conclusion

The \$107 billion global wine industry is growing robustly and shows no signs of slowing. Wine Market Council completed a January 2007 New Vinexpo Study indicating continued growth into the next decade, with U.S. wine consumption expanding to outpace supply. From 2001 to 2010 wine sales will increase by 45%, while production will increase by 41%. “This is the key finding,” said Robert Beynat, CEO of Vinexpo, who presented the study’s outcome in New York. “It means demand exceeds supply. It also means that any wine surplus should be eliminated.”

Planning for shifts in wine sales strategy should include thorough discussions about such topics as: changing global competitive dynamics, market opportunity, how to differentiate from competition, and ***how family winery owners should navigate risk and opportunity during critical market transitions***. For that reason, you may find it beneficial to bring in outside advisors with a broad wine industry perspective. They can ask the tough questions which ensure your global *Go To Market* strategy is grounded in reality and supports your brand and profitability goals. That’s how Scion can help. At Scion we work alongside wine business leaders with an approach that guides you through your planning process to produce more effective *Go To Market* strategies that make the most sense for your family business.

