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How Importers Are Distinguishing Themselves

Facing a saturated market, two innovative firms look beyond third parties toward out-of-the-box sales and marketing tactics.

By Dawn Weinberger

For decades, wine importers have relied on distributors to get their products in front of the wine-drinking public. And for the most part, this system has worked. But as worldwide wine production increases and more and more American consumers spend money on imported wine, importers are discovering that relying on a third party-one that likely represents several other brands-is no longer the only effective strategy.

"The market is saturated," said **Paul Wagner**, a wine instructor at **Napa Valley College** and owner of **Balzac Communications and Marketing**, a public relations firm that focuses on the wine industry. "You have to look for [ways] to make your product stand out from the rest of the [wine in its] category."

That's exactly what **Josh Hanson** set out to do five years ago when he created a Seattle-based company called **Small Vineyards Imports, LLC**. A European vacation inspired the seasoned entrepreneur, who used to own a profitable multimedia marketing company, to ditch his previous profession in favor of a new career importing small-production Tuscan wines to the United States (wineries are hand-picked by Hanson, and the producers do not work with any other importers). But Hanson knew that without an innovative marketing concept, his imports could easily wind up collecting dust in a crowded distribution warehouse somewhere. The solution: relieve distributors of their marketing duties.

"The distributor has been conditioned to expect almost nothing from the importers," Hanson said. "We are reconditioning them."

He started by creating a "master brand" under the Small Vineyards name rather than that of the individual producer (each bottle of wine bears a prominent Small Vineyards insignia, strategically placed on the front label). Next, he developed a direct-to-consumer business model, which involves providing retailers and restaurateurs with what Hanson calls an "unprecedented level of support."

Hanson has at least one client liaison in each of Small Vineyards' 11 markets (Washington, Oregon, Northern California, Nevada, Arizona, Colorado, Idaho, Montana, Wyoming, Kansas and Missouri), tasked with teaching clients and, most importantly, customers, about the company's wine through in-store tastings, wine dinners, seminars and other events-things that are traditionally taken care of by distributors. He also convinced storeowners to group all Small Vineyards wines together on the shelf, rather than placing them in their varietal, country or region categories, further enhancing his goal of creating a new kind of brand recognition.

The challenge, however, was convincing distributors to work with him in the first place -no easy feat considering that not only was he one of many importers trying to get his latest and greatest discovery noticed, he was also brand new to the industry. To pique interest, Hanson created a consignment program in which he allowed distributors to defer payment until they actually had orders for Small Vineyards wine from stores and restaurants. Several small to medium-sized distributors took the bait.

"It really allowed us to prove our concept," Hanson said, explaining that his company has grown to the point where the consignment program is no longer necessary (they hit the \$5 million-mark for annual sales in 2005) and he now works primarily with large, national distributors like **Glazer's of Kansas**.

Napa-based importer **Dalla Terra** operates under an equally innovative premise with a program called Winery Direct®. Like Small Vineyards, Dalla Terra is the exclusive importer for a select group of Italian wineries (the company works only with one or two winemakers from any given region). But instead of focusing on the actual marketing of its imports, Dalla Terra bypasses the large, national import companies and sells wine to distributors for about 25 percent less than the fees competitors charge, said **Brian Larky**, founder of the 16-year-old company. The producers and distributors benefit, of course, as do retailers, restaurateurs and customers.

Though Dalla Terra has been around since the early 1990s, Larky's business model has really started to take flight in the past couple of years. Business was up 35 percent between 2004 and 2005, top Italian producers are vying for a spot in his small, focused portfolio (they like the idea that lower prices encourage distributors to get their wine on store shelves), and top distributors are actively pursuing Dalla Terra. And, Larky is building long-term relationships with producers and distributors-when both sign on, they tend to stick with him for the long haul, he said.

"We don't want to be the latest, hottest thing," Larky said. "We just want to be consistent and innovative."

And innovations are becoming increasingly necessary as consumer demographics change and expand, and as more wine competes for the attention of said consumers.

"You have to be constantly pushing the envelope in reaching the consumer at a level they will understand," said **Chris Hodge**, director of sales and marketing for **Columbia Distribution** in Portland, Oregon. "You have a nanosecond to appeal to that person's buying decision, and you have to appeal to their head as well as their heart."

But this doesn't mean importers have to "push the envelope" as far as Small Vineyards and Dalla Terra have in order to get noticed, and they don't necessarily have to eliminate the distributor's role in marketing either. "[We] usually have the greatest sense of what it takes to get a brand into distribution. We live and breathe this stuff everyday," said Hodge.

However, leaving marketing to the distributor can be a problem for importers who don't have many industry connections (which happened to be Hanson's situation) or whose wine doesn't immediately strike the distributor as profitable, no matter how good the wine is.

"The distributing tier is not going to roll up its sleeves and market a brand just because they love them," said **Mike Denny**, president of **American Wine Distributors** in San Francisco. "They have to have something of value, a clear reputation of quality and prestige."

Which is exactly why importers benefit if they give distributors a reason to make their brand (s) a priority. Dalla Terra accomplishes this by offering lower prices, while Small Vineyards does more work so the distributor doesn't have to. But simple tactics like catchy names and animated labels work too. Distributors, Hodge said, know that consumers go crazy for gimmicks, citing the explosive popularity of the French import Red Bicycleette.

And importers probably won't go wrong by convincing their producers to tie their wine to the cause du jour, either. Nashville-based importer **Velocity International** is currently working with Australian producer **Sirromet**, along with the **National Foundation for Cancer Research**, on the development of a program that will educate consumers on the heart-healthy benefits of red wine (along with raising funds for the organization).

Similarly, last October, in honor of Breast Cancer Awareness month, Seattle importer **Click Wine Group** donated portions of proceeds from the sale of Fat Bastard wine, another French import, to breast cancer research.

Importers are also becoming increasingly interested in associating their wines with food trends, said **Joseph Busch of Domaine Selections**, a Portland, Oregon distributor. The slow food movement, for example, was once a campaign promoted by a small faction of foodies who wanted to keep food and drink free of excessive processing, in part because it tastes better that way, and also because slow food is believed to be better for both the body and the environment. Now, slow food is all the rage and importers are starting to capitalize on that by emphasizing organic and hand-harvested wines. In fact, Busch works with one import company, **Loius/Dressner Selections**, which *only* imports wine made from hand-harvested grapes and natural yeasts. Such wine appeals to slow food devotees, supporters of sustainable agriculture and wine drinkers who simply think organic wines tastes better, Busch said.

Regardless of their innovation, however, all these marketing tactics have one thing in common: they reach consumers through traditional measures (the grocery store, the wine market, the restaurant). Some other importers, however, are opting to skip the store and restaurant all together (or at least give customers the option of doing so). Their approach? Direct marketing.

New York-based importer **Michele Anderson** recently launched **greataustralianwines.com**, a website that sells premium, Australian wines direct to consumers (she offers wine clubs, as well as the option of purchasing individual bottles and cases). Selling wine online is nothing new, of course, but most Internet-based wine sellers are either the wine producers themselves or websites that function like any other wine shop, complete with the three-tiered system.

Despite the success of Hanson and Larky, this tried-and-true system is unlikely to disappear. And whether importers choose to follow their lead, or simply find new ways to sell their products within the system (as some of Domaine Selection's brands have), experts agree that in this flooded market finding a new and different approach is a almost requirement-at least for importers who want to see their products fly off the shelves.

"There are an awful lot of good wines on the market," said Wagner. "What [will make] your brand stand out is more than just the quality of the wine." **wbm**

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[Return To Previous Page](#)