



Shiloh Estate

SHILOH VINES & WINES KNOWLEDGE BASE SERIES
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Coordination Draft
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Wine-Consumer Matchmaking

by
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*I've got a nickel and you've got a dime.
Let's get together and buy some wine.
Drinkin' Wine, Spodeeodee*

Wine Consumption

A satisfying, exhilarating, and/or intoxicating beverage created by fermenting grapes to 7-24% alcohol with 74-91% water, and 2% (or so) other compounds.

Wine—the fermented juice of grapes—and humans have interacted for at least 8,000 years. As suggested above, wine is drunk to *satisfy*, *exhilarate*, or *intoxicate*—an act often associated with the pleasure principle.

Another reason to drink wine could be added: for *health*. There is some evidence from the medical profession that moderate use of wine—especially red wine—can improve one's health by defending against serious ailments such as heart attacks, prostate cancer, and dementia.

In 2003, according to the Wine Market Council, nearly three-quarters of U.S. adults didn't drink wine:¹

Consumer Segment	Millions (21+)	% by Segment	% by Volume
Core wine drinkers	25.4	12.5	86.0
Marginal wine drinkers	28.2	13.9	14.0
Beer/spirits drinkers	62.2	30.6	0.0
Non-drinkers	87.2	43.0	0.0
Total	203.2	100.0	100.0

Furthermore, 43.0% didn't drink any alcohol at all and only 26.4% drank wine (including the 12.5% who drank 86% of all wine consumed in the U.S.).

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So, 25.4 million of 203.2 million U.S. adults drank 86% of the wine consumed in 2003. A minority of the other 177.8 million consumed only 13.9%.

Worldwide, the United States is 34th in per capita wine consumption:²

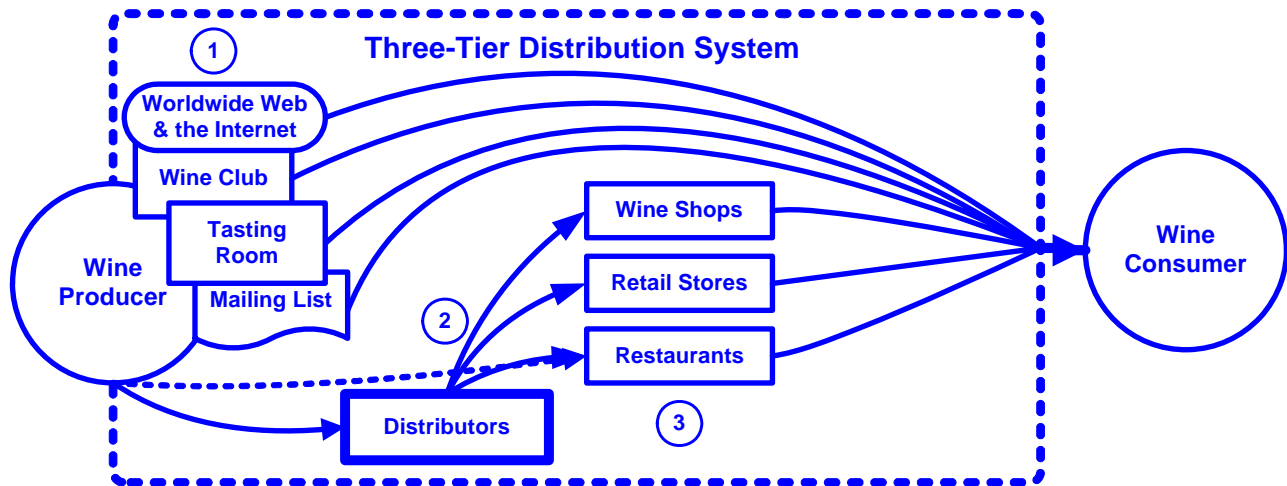
Worldwide Rank (updated March 2004)			
Wine Statistic	U.S.	France	Italy
Per capita consumption*	34 th	2 nd	3 rd
Total consumption	3 rd	1 st	2 nd
Wine production	4 th	1 st	2 nd
Vineyard acreage**	5 th	2 nd	3 rd

* Luxembourg ranks 1st.

** Spain ranks 1st.

Reasons for America's 34th place in per capita consumption are largely cultural in nature. Drinking wine with meals—a practice that is not widespread in the United States—is an integral part of the culture in many countries. In the U.S., barriers to the responsible enjoyment of wine embrace a wide spectrum from religious taboos to wine snobbery. Many of these barriers are underpinned by a lack of true understanding of the positive role that wine can play in a civilized society and the lifestyle of healthy Americans.

Organizations such as Wine Vision, the Wine Market Council, and the Wine Institute are trying to educate potential consumers—as well as those who grow, make, market, sell, and serve wine—and are striving to make wine a more widely accepted and enjoyed part of American culture.



Push & Pull Marketing

con-nect-ion (kə-nĕkʻshən) *n.* **1.a.** The act of connecting. **b.** The state of being connected. **2.** One that connects; a link. **3.** An association or a relationship. **4.** The logical or intelligible ordering of words or ideas; coherence. **5.** Reference or relation to something else; context. **6.** A person, especially one of influence or position, with whom one is associated, as by kinship, interests in common, or marriage. **7.** A conveyance or scheduled run providing continuing service between means of transportation. **8.** A line of communication between two points in a telephone or similar wired system.

American Heritage Dictionary

As noted in the (highly-simplified) depiction, above, there are many connections among the various stakeholders in the wine industry, especially between producer and consumer.

Wineries and the other suppliers need to connect with consumers—they need to push their message out (along with the wine); a change to the American culture over time is required.

On the other hand, consumers need to connect with suppliers—they need to pull the message in (along with the wine); this requires that industry clearly communicate the benefits of wine.

Push and pull connections, to be effective and efficient, can and should embody many of the parts comprising the dictionary definition cited above.

Of the reasons to drink wine—satisfaction, exhilaration, intoxication, health³—satisfaction may be the best descriptor to highlight.

Push Marketing

Organizations that promote wine include the three outlined below.

<http://www.winevision.org/>—Industry leaders recently agreed on a vision and success factors.

The vision: make wine an integral part of the American culture; be the supplier to the global market; be a leader in sustainable practices; and enhance industrywide communication, coordination and marketplace.

Critical factors: (1) creating an image of U.S. wine that will enhance consumer demand; (2) facilitating industrywide coordinated legal and political strategies to address resurgent anti-alcohol sentiment; (3) enhancing the distribution system; (4) eliminating global and domestic trade barriers; (5) maximizing relationships with stakeholders and public officials at all levels of government; (6) developing the best sustainable environmental practices; (7) funding and supporting coordinated research and market databases; and, (8) enhancing the industry talent pool.

<http://www.winemarketcouncil.com>—Currently engaged in a campaign to make wine a more widely accepted and enjoyed part of American culture. Print advertising (with humor) is aimed at the millions of adult U.S. consumers who like wine, but drink it infrequently (i.e., marginals).⁴

<http://www.wineinstitute.org>—The mission is to initiate and advocate state, federal and international public policy to enhance the environment for the responsible consumption and enjoyment of wine.

Pull Marketing

Connecting with Consumers—Encouraging more adult Americans to include wine as part of a satisfying and healthy lifestyle requires cultural changes (as recognized by industry advocates) as well as changes in the way wine is positioned in the minds of consumers and potential consumers.

Why do some consider wine to be evil, to be effete, to be less manly than beer or whisky, to be for only special occasions, to be intimidating, to be all but incomprehensible? Why is it that nearly two-thirds of the core and marginal wine drinkers are women?

If consumers are to be enticed into (responsibly) drinking wine or more wine, barriers to access must be eliminated or lowered. Although the push marketing techniques being implemented by industry associations appear to be increasingly effective, industry participants within the three tiers must do a much better job of helping consumers and potential consumers connect.

Making Wine More Accessible—*California Wine and Food* recently ran an article by David Glancy entitled “How to Sell Lesser Known Wines.” The following means were discussed:⁵

- By the glass, by the taste (minimize risk)
- Half bottles (as above)
- Money talks (use price-as sales tool)
- What’s in a name (use catchy categories)
- Menu engineering (placement of description)
- Wine pairing (suggested wine-food pairing)
- Staff training and testing (regular training)
- Progressive wine lists (listed by flavor profile)

Although the article was directed primarily toward restaurant sommeliers, managers, and servers, most of Mr. Glancy’s points apply to anyone concerned with the wine/consumer interface within Tiers 1, 2, or 3 of the distribution system.

Organizing Your Wines—The positive positioning of wine in the minds of the consumer is one thing. The positioning of wine on a restaurant or tasting room menu or on the shelves of a retail store is quite another thing, and much easier to do.

Many restaurant wine lists contain 50, 100, or more wines from producers in the U.S. and around the world. Most are unknown to most people.

Proliferation also abounds in many wine shops, liquor stores, and supermarkets.

The average consumer (or would-be consumer) is faced with a bewildering array of choices. An intelligent and informed decision is difficult.

Perhaps the most effective development in the organization of wine is the progressive wine list pioneered by Tim Hanni, Master of Wine and president of WineQuest (www.winequest.com/).

The Progressive Wine List—A typical progressive wine list moves from lighter, fruitier, sweeter wines to fuller bodied, less-fruity, drier wines (with the exception of the lead-off sparkling wines and concluding dessert wines). For example, a Sheraton Hotel list that contains 39 selections:

White Wines

- **Champagnes & Sparkling Wines**
From lightly sweet to full-bodied and dry
- **Light & Fruity Blush Wines**
From lightly sweet to just dry
- **Light Bodied White Wines**
From lightly dry to drier, less fruity
- **Full Bodied Wines**

Red Wines

- **Light to Medium Bodied Red Wines**
Light-bodied wines with lots of fruit character
- **Medium to Full-Bodied Red Wines**
From moderately dry to very dry
- **Full-Bodied, Oak Aged Red Wines**
Full flavored wines that are oak aged
- **Dessert Wines**
A perfect ending to a memorable lunch or dinner

Within each of these eight categories the wines are listed from the least to the most expensive.

Depending on the extent of the list, other facts can be used for subcategories or annotations:

- **Zinfandel:** A rich deeply colored wine, high in alcohol and medium-to-high tannin. These wines pair well with red meats, rich pasta sauces, and strong fish.
- **Germany:** Gross Gewurztraminer Trocken Gamitzberg Sudsteiermark Qualitätswein 2000
Glass..\$6.50 ½ Bottle..\$20.00 Bottle..\$36.00

Similar principles apply to stores. The Unwins Wine Group, a U.K. chain with 388 branches, uses six categories: bright, smooth, and rounded (whites) and fruity, mellow, and chunky (reds).

Matchmaking

To know what a business is we have to start with its purpose. Its purpose must lie outside of the business itself. In fact, it must lie in society since business enterprise is an organ of society. There is only one valid definition of business purpose: to create a customer.

Peter Drucker (1973)

Multidimensional Pairings—The matching of customers with wine and food and pocketbook and numerous other potential variables is a complex task that somehow needs to be masked by strategies that make consumer wine selection decisions much more manageable. Wine lists and shops and Internet sites that are organized progressively—when coupled with staff training and consumer education—represent a potentially viable approach to wine-consumer matchmaking.

An additional facet of successful matchmaking programs would be a greater degree of jargon-free connections coupled with a bit of humbleness on the part of “servers” within the three-tier distribution system.

Just how a customer is approached depends on situational variables such as customer wine IQ and personal or group preferences, setting, time of day and year, meal options, wine affordability, and myriad other more subtle factors such as place, propinquity, and prosperity.

Tim Hanni maintains: “Pointing a guest to the flavor category they will enjoy the most is key to effectively using a Progressive Wine List. A server trained in the use of a Progressive Wine List knows how to identify a guest’s preferences with a few simple questions.”⁶

Target Market Focus⁷—In an interview with Gretchen Jaeger, Hanni suggests that most current “wine education” initiatives are sales-oriented promotions aimed at the trade and core wine drinkers. Although members of the trade require continuing education, this misses the real target markets or, at minimum, addresses them indirectly. The Wine Market Council’s ongoing advertising campaign is at least directed to the marginal wine drinkers (but does not target the beer/spirit drinkers and the non-drinkers).

The Snob Factor—In the same interview, Hanni asks: “Why does the wine industry tell its largest group of core customers that they are uneducated,

unsophisticated and just plain wrong?” He explains: “Everybody is born liking sweets. Foods are ripest and most nutritious when they are sweetest. We may learn that we shouldn’t like them—say, because they’ll make us fat—but this is a society-conditioned response, not a natural one. Let’s not ask our customers to apologize for buying our product.” He continues: “My mother-in-law, a Ph.D. in her sixties, is neither immature nor uneducated, but she likes white Zinfandel, so she doesn’t order wine in restaurants—we’ve told her she’s wrong to like it with food, she’s wrong to like it during three out of four seasons of the year, she’s wrong to like it *at all*, so she just doesn’t order anything! How is that good for the wine industry or for the restaurant?”⁷

Conclusions—Leaders within the wine industry and within restaurants and stores that serve or would like to sell wine to customers have their work cut out for them. In a world filled not only with numerous attractive non-alcoholic and alcoholic beverages but also with widespread and well-funded advertising campaigns, it can be difficult for wine to rise above the clutter. Wine must be demystified and its image simplified to gain more general acceptance in the United States.

¹ 2003 Consumer Tracking Study of the Wine Market Council (see: <http://www.winemarketcouncil.com>)

² Wine Institute summary of worldwide statistics: <http://www.wineinstitute.org/communications/statistics/index.htm>

³ According to the Wine Institute: “Effective June 1, 2003, the Treasury Department’s Tax and Trade Bureau (TTB) has lifted a 1999 moratorium on its approval of health-related directional statements, such as a wine label referring consumers to the U.S. Government’s “Dietary Guidelines for Americans” to learn the health effects of wine consumption or to their family doctors for such information.”

⁴ According to the Wine Market Council: “From a low point of 1.89 gallons per adult in 1991, per capita consumption has ... risen each year since 1994, finally breaking through the previous high of 2.58 gallons set in 1982, with an all-time high level of 2.68 gallons recorded in 2003.”

⁵ See: <http://www.californiawineandfood.com/wine/sell-lesser-known-wines.htm>

⁶ “The Progressive Wine List—Wine Ordering Made Simpler,” California Food and Wine (2001). See: <http://www.californiawineandfood.com/wine/progressive-wine-list.htm>

⁷ Gretchen Jaeger, “The Customer is Always Right . . . Right? Tim Hanni and the WineQuest Revolution,” *Wine Business Monthly* (Oct 2002)