

■ ANDY STARR

Brand Differentiation Is the Key to Success

The book *Blue Ocean Strategy*, authored by W. Chan Kim and Renée Mauborgne, makes this observation: “Today’s overcrowded industries competing head-on results in nothing but a bloody red ocean of rivals fighting over a shrinking profit pool. Lasting success comes not from battling competitors, but from creating blue oceans of untapped new market spaces ripe for growth.” Brands that are different can grow much more easily because their market is a big blue ocean.

This slogan from a parody motivational poster could have been written about the wine business: “Conformity: When people are free to do as they please, they usually imitate each other.” Common wisdom states that you must revere tradition and do things “the way the wine industry does it.” Yet many of the most successful California brands did just the opposite. Kendall-Jackson made its Chardonnay slightly sweet. Purists said the winery wasn’t making Chardonnay the “right way,” but brand-loyal consumers loved it. It has had enormous success. The point of differentiation could be a new varietal such as Bob Lindquist of Qupé pioneering Syrah in the 1980s, or a new appellation like Steve and Pamela Storrs’ dedication to the Santa Cruz Mountains.

What is your story, your mission? So often a winery’s “About Us” page reads like this: “It was the dream of wealthy corporate-types and wine lovers Jane and John Doe to someday plant a vineyard, build a winery and make hand-crafted, artisan wines. Several years later, that dream has come true, with our ostentatious winery building making the cover of *Modern Narcissist* magazine.” (OK, I made up that last part.)

While this prose appeals to the owners, it is unlikely to connect with consumers. They don’t react by thinking, “Oh, you’re already rich and always wanted your name on a wine label, I feel a connection! Sign me up for the 12-bottle wine club.” I would argue that if *wanting* to be in the wine business was your reason for being in the wine business, then you have completed your mission. The problem is your mission wasn’t focused enough on creating a dif-

ferentiated business. It may be why your tasting room is empty, your wines aren’t selling and you are low on cash.

Every year I give a guest lecture about entrepreneurship to students in Napa Valley College’s wine program. I ask a few students to describe the winery where they work and its Chardonnay, if they make one. The first student says something like, “We’re a family winery, very dedicated to making great wine. We believe wine is made in the vineyard. Our Chardonnay is barrel fermented in the traditional French style.” The second earnestly explains, “I too work for a family winery, very dedicated to making great wine; our Chardonnay is barrel fermented, etc.” The third says essentially the same thing, maybe subbing Cabernet made in the Bordeaux style for Chardonnay. I then ask the rest of the class which one they’d buy. The answer is, “I don’t know, they all seem pretty good.” Regardless of wine quality, the brands are undifferentiated commodities to the consumer.

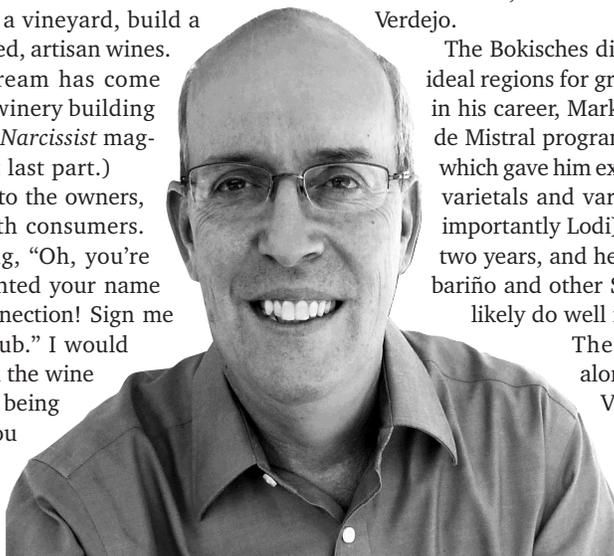
Let’s look at a few wineries that found success through brand differentiation.

A visit to Catalonia

Markus and Liz Bokisch own Bokisch Vineyards in Lodi, Calif. The winery started in 2001 and has slowly increased production to 6,000 cases selling between \$18 and \$25 per bottle. They are exclusively focused on Spanish varietals such as Albariño, Garnacha, Graciano, Tempranillo and Verdejo.

The Bokisches did extensive research to locate ideal regions for growing Spanish varietals. Early in his career, Markus Bokisch worked in the Vin de Mistral program at Joseph Phelps Vineyards, which gave him exposure to warm-climate Rhone varietals and various California regions (most importantly Lodi). Then he moved to Spain for two years, and he learned that Tempranillo, Albariño and other Spanish grape varieties would likely do well in Lodi.

Their use of Spanish cultivars alone would differentiate Bokisch Vineyards among the thousands of wine brands available in the United States, but their connection to Spain goes much deeper. Markus Bokisch is American-born, but his



family comes from the Spanish region of Catalonia. As a child, he spent most every summer in his family's Catalonian village, a tradition that continues with Liz Bokisch and their children. They have cultivated their Spanish roots. Markus Bokisch states, "On the surface we make Spanish varietal wines, but we've taken it a few steps further by creating a social

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experience around Spain—music, tapas and wine. When you come to a Bokisch wine club event, for an afternoon you are taken away to Spain."

The Bokisches are building on their story as the winery grows. They have added authentic Spanish cooking classes taught by a Catalonian friend. They recently added a tasting room with a Spanish theme. For wine club members, they are now planning a trip to the family's Catalan village.

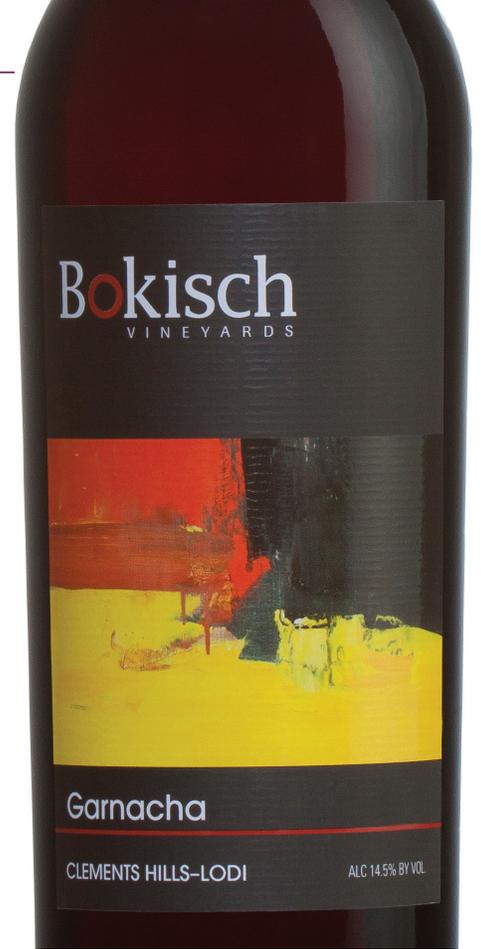
Being different has helped with distributors and on-premise trade. Bokisch finds that offer-

ing wines by the glass in restaurants is ideal for hand-selling unusual varietals. The winery added a keggung program to support this. They work closely with their distributor, who has a strong restaurant-focused book and understands Spanish varietals.

Unexpectedly, the Lodi region itself has become part of the differentiation. Markus Bokisch explains, "Back in 2001, Lodi was not known for any specific varietals, but now it's known for Iberian varietals, which has helped both the winery and the appellation's reputation."

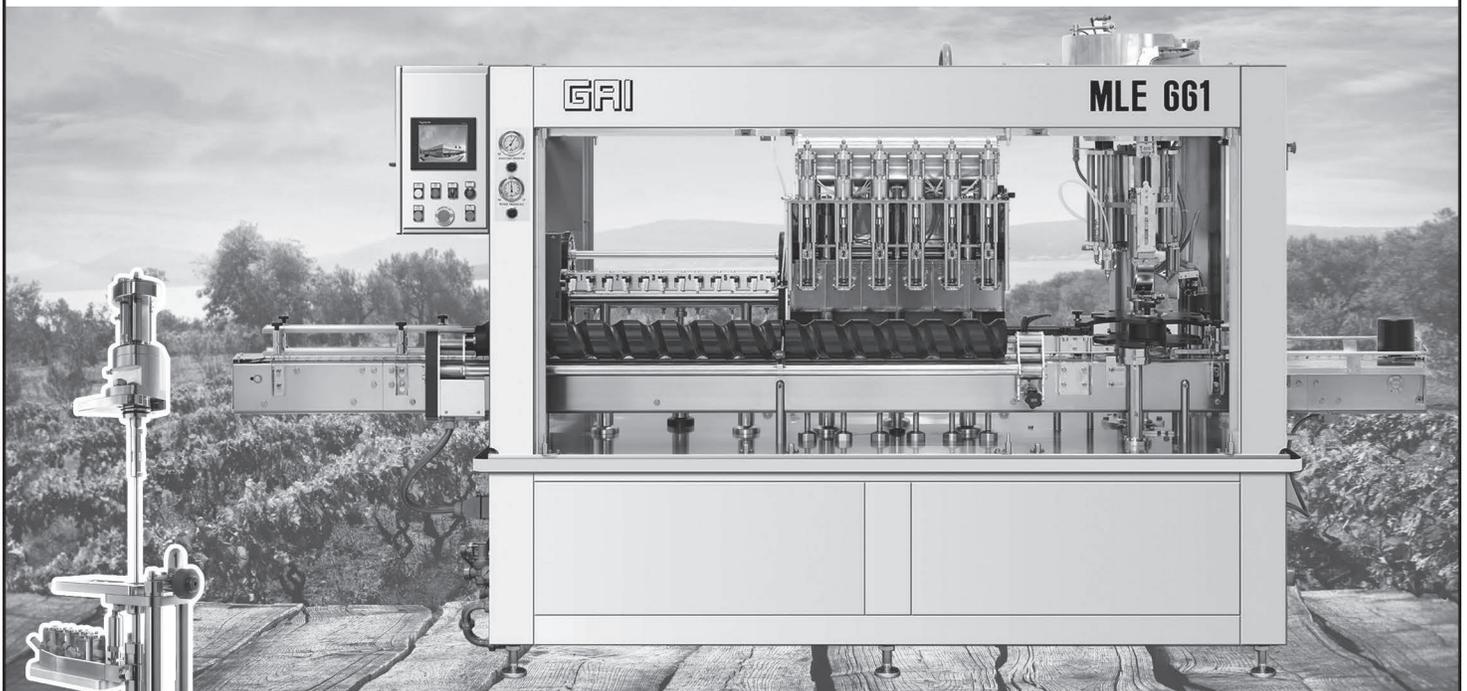
Bokisch notes that being different with Iberian varietals can create challenges as well. They are more vulnerable to in crop size variations and frosts. The varieties also have growth constraints, as additional Iberian grapes are not likely to be available. In short, going down this path requires a lot more planning.

He offers this advice to small winery owners: "Be prepared to be 100% dedicated, because it's a lot of work. People want authenticity and history in the founders' story." He noted an authentic story is more important than varieties or the vinification method details. He advises others to "stay focused on your core wines, on what works. Experimenting with new varietals can be a



Bokisch Vineyards set itself apart through its dedication to Spanish grape varieties.

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fun adjunct for your club and tasting room sales, but that shouldn't distract from your core." He also has observed, "Many of the most successful winery owners didn't have formal training and often came from a different place with very different ideas."

Obsession with quality

Dave Phinney is the founder of Orin Swift, which is based in the Napa Valley. He and his team built an impressive collection of successful varietal wines with proprietary names such as China Doll, Mannequin, Machete, Papillon, Slander and Trigger Finger, combining for sales of roughly 100,000 cases at price points from \$19 to \$120 per bottle. He also started The Prisoner brand, which he sold in 2013, and E. & J. Gallo Winery announced it had purchased the Orin Swift Cellars brand and tasting room in June.

Phinney was an outsider to the industry, not wedded to its traditions. Prior to starting Orin Swift in 1998, he was a recent political science graduate who worked for a public defender and for a congressman before spending a few months in Florence, Italy, and developing an interest in wine. His artistic labels are derived in part from his childhood experiences of being dragged to museums and cathedrals around the world.

In interviewing Phinney, it is clear that his point of differentiation is his obsession with quality. It permeates every step of the process from the vineyard to label design and beyond. His first crush was 2 tons of Zinfandel, which was later sold for bulk because it wasn't up to his quality standards. He stresses the point, "If you can easily sell your wine, the economics are good."

Phinney notes that every wine can always be a little better, and he warns against complacency, adding, "We've never made a wine we are completely happy with." Rather than trying to sell something inferior, he is willing to bulk out vintages. It took 10 years of trying until Orin Swift produced a Pinot Noir that Phinney felt was worth bottling.

Echoing Markus Bokisch, Phinney talks about hard work and dedication. "Challenge yourself to do everything better. Winemaking is 1,000 little things. Our goal is to see how many of those 1,000 things we can do right." He takes the same vigorous winemaking approach to all label design, packaging, wine-maker notes and the tasting room experience, adding, "It's been a grind, and it still is."

With the launch of a new proprietary label, Phinney's team asks, "Does it meet quality and pricing? What type of package goes with it? And does the package, while unique, fit with

the rest of the Orin Swift line?" For example, for their Mercury Head Cabernet, an actual pure silver mercury head dime is fixed to each bottle, which makes the wine stand out and fit the \$120 price. Phinney believes that "quality married with consistency builds loyalty."

The obsession with quality has helped Phinney endear the Orin Swift brand to everyone—growers and staff, retailers and distributors. "Everyone is a friend. I think there is a mutual respect." Phinney gives credit to his team for their hard work and tenacity. "We all challenge each other to make a better wine. How much better can we fine tune the wine, the label, etc."

Phinney's advice as to the importance of differentiation: "Oscar Wilde said 'be yourself, because everyone else is taken.' There is no original thought, but don't simply chase what others are doing. Do something because you think it's the right thing to do. If you don't believe in it, people are smart enough to figure that out. If you are going to commit to something, you really have to commit. If you think about any idea long enough, there's a reason not to do it."

Bookending your meal

Michael Blaylock is the director of winemaking for Quady Winery, which has been producing wines in Madera, Calif., since 1976. Quady is

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the United States' leading producer of premium sweet and aperitif wines, producing 100,000 cases under the Essencia, Elysium, Electra, Starboard and Vya labels. Like Orin Swift, Quady has made a deliberate effort to give each wine a proprietary, trademarked name.

Blaylock notes that the winery evolved over time into its position as the leader of sweet wines. It started when Sacramento, Calif.-based retailer Darrel Corti asked Andrew Quady to make a Port-style wine for the store. He produced more than the store needed and started selling it on his own. It sold well. A few years later, Quady visited France and observed people dipping biscotti into Muscat. From that observation, they added Orange Muscat, finding 2 tons locally. Blaylock feels that "most good wines pop up by accident. The question is: Can you take an accident and turn it into something?"

At that point, Quady decided to focus solely on sweet wines. "Being different is great as long as you have the guts to do it. You need a really good product and a lot of luck," Blaylock added. The company continues to seek new products to keep itself unique. Quady added vermouth well ahead of the cocktail craze. Vya Vermouth now comes in three permutations and is frequently referred to by name in published cocktail recipes. Quady has updated its brand

differentiation to "bookending your meal," providing both aperitif and dessert wines.

The winery is always creating new promotions that emphasize its unique brand positioning. For example, restaurant placement is a significant goal, so Quady held pastry chef competitions in San Francisco, Los Angeles and Vancouver, B.C. The chefs had to create a dish that had the best synergy with a Quady sweet wine. (Incidentally, the winner was a

"Be willing to continue with something that flies in the face of everything else."

—Michael Blaylock,
Quady Winery

puff pastry with layered sliced pears, blackberry sauce and cracked black pepper, which sounds really delicious.)

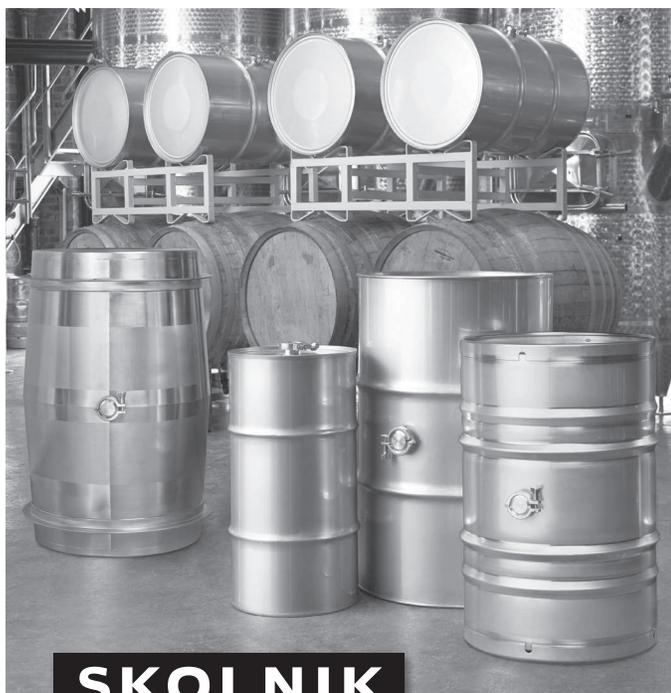
Like Bokisch, Blaylock feels that unusual wines need to be tasted by the public to sell effectively. Tasting begets converts, whether that's in the tasting room or at a restaurant. Since sweet wines are usually consumed at the

end of a meal, when diners are in a good mood, Quady personnel will go into restaurants and pour every diner a glass of wine, then walk around the restaurant talking, pouring and creating a memorable brand experience.

Blaylock's advice to small wineries: "Either be the best wine or the only one of its kind out there. But that is so hard to do. Embrace new ideas and recognize and capitalize on mistakes. Be willing to continue with something that flies in the face of everything else." Blaylock is a proponent of the personal connection, stating, "Nothing is better than having a winery principal go out to see the retailer or restaurateur personally."

So the choice is yours: Do you want to be a conformist who follows the traditions and rules and fights a brutal red ocean battle to be the 324th Cabernet listing at BevMo (they currently carry 323 of them), or do you want to create your own blue ocean with an authentic, differentiated story like Bokisch, Orin Swift or Quady? 🍷

Andy Starr, founder of StarrGreen (starrgreen.com), is an entrepreneur, marketing manager and winemaker who provides strategy, management and business development consulting services. A resident of Napa Valley, Calif., he holds a bachelor's degree in fermentation science from the University of California, Davis, and an MBA from UCLA.



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