

Orangewood Wines

Small Wineries, Great Wines

Orangewood Wines' Newsletter

Volume 4 Issue 26 February 6, 2013

Introduction

It's the New Year and already I have skipped a month of Newsletter writing! January is always a funny month; our customers are taking stock (literally) on where they are and wondering what their plans should be. The economy seems to be continuing on a plateau with no indication of substantial up or down in the fog ahead.

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New Restaurants

Wild Vines Restaurant

<http://wildvines.net/>

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Anthem, AZ 85086

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New Sales Consultant – Pat Cline

Pat retired from the tasting room staff at Frank Family Vineyards about a year ago. Prior to that he was one of the owners of wine.com and before that was in sales and management at several radio stations in San Francisco and Napa. His understanding of Customer Service and the Relationship Oriented Sales Process – not to mention Frank Family wines – make him a significant asset to Orangewood Wines. Pat moved to Tucson, but he is drawn to the excitement of sales. Rather than move back to Napa, I am pleased to say, he called me.

New Wineries

Jack Jelenko, of Partners Wine Group, provides marketing for several wineries. Of those, Orangewood already represents VINO Noceto, so Jack asked if we would be interested in any others. It turns out we were.

Champagne Boizel is a Champagne house founded in 1834 and still run by the same family – several generations on. They have an established reputation for consistent, high quality wine from Epernay in the Champagne region of France.

Domaine Sainte Rose is an old winery with new English owners. The winery is in Languedoc, a region in the southwest of France adjacent to Spain and the Rhône Valley. Charles and Ruth Simpson bought this Domaine in 2002 and are driven to provide high quality wines at affordable prices. We think they are succeeding.

For a Song Wines is a Washington State winegrower project. Each wine is made by Kyle Johnson, their winemaker, from their different vineyards in the Columbia Valley of Washington. From what we have tasted, this results in some wonderful wines available...for a song.

Wine Topic of the Month – Pricing: Cost vs. Value

On Mondays I sit down with the sales people and we taste wine. Primarily we are trying to ensure that we know the wines we are offering to our customers, so we can avoid wasting their time. Sometimes we taste wines from one winery. Other times we taste all one varietal. Sometimes we taste the wines blind – always good for our humility. For the varietal tasting, if we taste the wines openly (not blind), we work through them in order of increasing price. The thought is that each wine should be a little better than the one before. If not, one wine is not priced correctly. This is one approach to pricing. Given a bottle of a particular varietal, we can imagine where it fits in the price list and decide whether its price is appropriate for its quality. This is what I think of as “value pricing”. Not to be confused with the recent perversion of the word “value” to mean “cheap”.

Another way to price is for the winery to keep track of all the costs associated with making the wine: cost of the grapes, yeast, barrels, bottles, labels, corks, capsules labor... effort, time, bank interest. Then the numbers are crunched and the cost per bottle known. Mark it up by x% and voilà! You have a cost based price for the wine. This can be pretty funny. I talked to one winery who bought grapes from several different vineyards. The prices for the grapes were slightly different, so the prices for the wines were slightly different. I tried suggesting setting the wines all at the same price, but you can't do that if you are doing cost based pricing. So we continued with this wine at \$31, that wine at \$31.50, etcetera, etcetera.

My feeling is that pricing needs to take account of both cost and value in the market place. Then stir in a dose of my favorite philosophy (it was on my office wall for years): “Strive for Simplicity”.

Rambling

January was a sad month. On January 11 my mother died following a long and joyful life. She was 98. On the same day Greg Herreros died at age 92. Greg was our first delivery guy. Starting with his own pickup truck and one, then two, big coolers in the bed, he would collect wine from the warehouse and get it to our customers. Later we bought him a wine colored Scion xB. Greg

joined Orangewood when he was 82 years old. During his “regular working life” he had been in sales. He understood customer service and customer relationships very well, and he was an ambassador for Orangewood. When I filled in for him, our customers wanted to know where Greg was – probably watching his grandsons play baseball. Greg was my father-in-law’s best man and longtime friend. He will be missed by my in-laws, by us and by all who knew him.

The Rambler rambles on...

Richard (newsletter writer), Laurie (editor) and Jim Wallace (another writer and editor)
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