

El Dorado County wines holding their own in recession

By Kathryn Reed

PLEASANT VALLEY – People are imbibing, but it's not all about California.

Argentina, Chile and Australia are cutting into the Golden State's wine sales. Last year was the first time in 16 years that California wine shipments dropped, according to the Bay Area's Gomberg, Fredrikson & Associates.

2009 was a mixed bag for El Dorado County wineries, according to an informal survey taken last weekend.



El Dorado County wineries are surviving the recession.

Photos/Kathryn Reed

Teena Hildebrand, who with husband Frank owns Narrow Gate Vineyards, said their sales were about 1.5-2 percent higher in 2009 than in 2008. Narrow Gate is in its fifth year of operation in the Pleasant Valley area.

At nearby Sierra Vista, owner John MacCready said sales were off by 10 to 15 percent in 2009 compared to the previous year.

“They aren’t buying as many cases as they used to,” MacCready said. “A lot of people who came up here worked for the state and the state put people on furloughs. That made a difference in their visits to the foothills.”

In the six years Busby Cellars has been open, 2007 was the best year. Sales dropped in 2008, but came back some in 2009.

“Foot traffic is the same,” owner Elliot Murphy said.

His wife and co-owner Sherri Graham added, “We used to see more full cases sell. People are buying more bottles.”



Sherrie Murphy is selling fewer cases at Busby.

At Latcham Vineyards in Fair Play, sales for the last three years have been consistent.

Owner Margaret Latcham said visits to the tasting room are tracking the same from year-to-year, but said people are watching what they spend.

People are looking for deals, according to winemakers in El Dorado. That matches the trend the more formal survey uncovered. On a statewide level, sales of bottles priced at \$20 or more were down between 20 and 30 percent. Wine costing \$6 or less increased by 5 percent.

At four El Dorado County wineries visited by *Lake Tahoe News* last weekend, no one was selling wine for \$6 or less.

“The consumer trend has been to buy two \$20 bottles instead of one \$40 bottle of wine, and many El Dorado wines hit that price point,” said Jolaine Collins, spokeswoman for El Dorado Winery Association. “In the end, quality and value trump all.”

Latcham’ wholesale business has picked up, with the owner saying she has a hard time keeping up with Costco’s needs.

Gold Rush Red, Latcham’s red table wine, proves people are looking for deals. It was selling for \$7.89 a bottle during last weekend’s Bring Out the Barrel event.

“There’s a huge demand for less expensive wines,” Latcham said.



Margaret Latcham, left, is not having a problem selling wine.

Usually 2,000 cases of Gold Rush Red are bottled a year. That number rose to 7,000 last year.

At Busby, their red table wine called Meyers Ranch, sells for \$9.50 a bottle. The owners have noticed people wanting to spend less. About 95 percent of their 2,000 cases are sold at the winery.

Nothing on Sierra Vista’s tasting sheet sold for less than \$15

a bottle.

Wines at Narrow Gate run \$18-\$32.

“You don’t come here to get a sale wine,” Teena Hildebrand said.

She credits paying attention to the whole package, right down to making sure the restroom is clean, as to why people keep frequenting Narrow Gate. She said quality of wine and quality of service are imperative.

Hildebrand goes back to her college days of learning about marketing – price, product, place and promotion. She’s added a fifth P – people.

“Constantly analyzing the numbers, adding more events, creating gimmicky wines, or planning your next deeply discounted wine promotion simply feeds a roller coaster business plan. Being excellent at the four P’s leads to a much more consistent, dependable, “we can sleep at night – business,” Hildebrand said. “When you love people, all your financial decisions, marketing efforts, creativity and execution is born out of this value. How many times I have heard how the person behind the tasting bar is the single most important asset to the business. That person needs to reflect the image, values and energy of the winery.”

Narrow Gate bottles 26 varietals in 5,000-7,000 cases a year.

But Hildebrand also credits the people who came before her.

“We have benefited much from the trailblazing of our neighbors – like Sierra Vista, who risked and invested everything back in the ’70s to move here, plant vines, and open a winery. Plus, Holly’s Hill – who did the same in 2002 and invested heavily in their property, winemaking, etc., while reinforcing the family and hospitable atmosphere people are drawn to here,” Hildebrand said. “Then, Miraflores came on the scene in

2006, probably spending as much money as all of us put together to create a high quality winery with excellent wines and a gorgeous facility.”

The Murphys at Busby look forward to the two other wineries that are slated to open near them soon. They believe it will make Grizzly Flat Road a little destination instead of people traveling to Somerset for just their wines.

Sierra Vista’s MacCready is also a proponent of competition and having neighbors. But he is hurting because he’s getting a smaller slice of the consumer pie.

“The number of people coming to El Dorado County has not increased like the number of wineries has,” MacCready said. “Traffic (to Sierra Vista) has decreased in the last three or four years.”

The world keeps turning land into vineyards. California has 480,000 acres of wine grapes, with nearly 2,500 of those acres in El Dorado County. However, Argentina has 510,000 acres of grapes.

Although California produces 90 percent of the wine made in the United States, imports are gaining notoriety. Thirteen million cases were imported in 2009 – more than double from 2007.