

2008 Wine Industry Financial Symposium Survey: Distributor

In Association with the U.C. Davis Graduate School of Management

*Should you deem any of the survey questions too proprietary in nature, we would request that you omit that question and respond to the balance of the survey. We will keep the information we are furnished in the strictest of confidence. **FAX SURVEY TO 707/255-2044 or email to kathy@winesymposium.com***

1. Please indicate which category best describes your participation in the wine industry:

_____Vineyard	_____Winery
_____Lender/finance/capital source	_____Professional/consultant
_____Wholesaler/distributor	_____Retailer/restaurant/wine shop

2. What is your outlook for the profitability of the California Wine Industry for the next one to two years?

Decline _____ No change/at the bottom _____ Improvement/upswing _____

3. What is your opinion about the growth of California wine sales relative to 2007? (CHECK ONE PER YEAR)

Year	2008	2009	2010
Decline	_____	_____	_____
No growth	_____	_____	_____
Positive growth	_____	_____	_____

4. What effect will the following factors have on California wine sales over the next 3 years? (Please circle appropriate number)

	Negative Effect			No Effect			Positive Effect	
Promoting Health benefits of wine	-3	-2	-1	0	1	2	3	
Delivering more value/quality for price	-3	-2	-1	0	1	2	3	
Economic growth	-3	-2	-1	0	1	2	3	
Popular acceptance of wine as everyday beverage	-3	-2	-1	0	1	2	3	
Increasing export opportunities	-3	-2	-1	0	1	2	3	
Breaking down barriers to direct shipping	-3	-2	-1	0	1	2	3	
Sensitivity to consumer tastes	-3	-2	-1	0	1	2	3	
Growth of new fun brands	-3	-2	-1	0	1	2	3	
The National Economy	-3	-2	-1	0	1	2	3	
Increased Global Competition	-3	-2	-1	0	1	2	3	
Further distributor consolidation	-3	-2	-1	0	1	2	3	
Retailer consolidation	-3	-2	-1	0	1	2	3	
Continued pricing pressure	-3	-2	-1	0	1	2	3	
Governmental regulation	-3	-2	-1	0	1	2	3	
Water Availability	-3	-2	-1	0	1	2	3	
National Immigration Policy	-3	-2	-1	0	1	2	3	
Anti-Alcohol Campaigns	-3	-2	-1	0	1	2	3	
Weakness of the dollar	-3	-2	-1	0	1	2	3	
Credit Crunch	-3	-2	-1	0	1	2	3	
The higher cost of inputs	-3	-2	-1	0	1	2	3	

6. How has the consumer changed in 2008 compared with the past two years? (Please circle appropriate number)

	Strongly Disagree		Neutral			Strongly Agree	
Consumers are trading down	-3	-2	-1	0	1	2	3
Consumers are more accepting of alternative packaging	-3	-2	-1	0	1	2	3
Consumers are less brand loyal	-3	-2	-1	0	1	2	3
Consumers are more adventuresome and want diversity	-3	-2	-1	0	1	2	3
Consumers are buying more on the web	-3	-2	-1	0	1	2	3
Consumers are buying more fun wine labels	-3	-2	-1	0	1	2	3
Consumers are overwhelmed with choices	-3	-2	-1	0	1	2	3

Consumers want more education	-3	-2	-1	0	1	2	3
Consumers are looking for more food friendly wines	-3	-2	-1	0	1	2	3
Consumers think wine is part of a healthy lifestyle	-3	-2	-1	0	1	2	3
Consumers want “greener” wine	-3	-2	-1	0	1	2	3
Consumers want ingredient labeling	-3	-2	-1	0	1	2	3

7. **DEMAND:** How strong do you think the growth in sales will be for each wine varietal over the next 3 years?
(Please circle appropriate number)

	Very Weak		Neutral			Very Strong	
Cabernet Sauvignon	-3	-2	-1	0	1	2	3
Merlot	-3	-2	-1	0	1	2	3
Red Zinfandel	-3	-2	-1	0	1	2	3
Pinot Noir	-3	-2	-1	0	1	2	3
Syrah	-3	-2	-1	0	1	2	3
Chardonnay	-3	-2	-1	0	1	2	3
Sauvignon Blanc	-3	-2	-1	0	1	2	3
Pinot Grigio	-3	-2	-1	0	1	2	3
White Zinfandel	-3	-2	-1	0	1	2	3

8. How strong do you believe the sales growth potential is for each Wine Price Segment over the next 3 years?
(Please circle appropriate number)

	Very Weak		Neutral			Very Strong	
< \$3	-3	-2	-1	0	1	2	3
\$3-7	-3	-2	-1	0	1	2	3
\$7-10	-3	-2	-1	0	1	2	3
\$10-14	-3	-2	-1	0	1	2	3
\$14-25	-3	-2	-1	0	1	2	3
Over \$25	-3	-2	-1	0	1	2	3

9. Do you agree or disagree with the following statements about industry trends? (Please circle appropriate number)

	Strongly Disagree			Neutral		Strongly Agree	
Global sourcing of wine will continue and accelerate	-3	-2	-1	0	1	2	3
The number of labels in the marketplace will increase	-3	-2	-1	0	1	2	3
Wineries are becoming more able to compete globally	-3	-2	-1	0	1	2	3
The 3-tier system will see a collapse into 1 or 2 tiers	-3	-2	-1	0	1	2	3
Organic and "green" practices will increase in importance	-3	-2	-1	0	1	2	3
Winery consolidation will slow down	-3	-2	-1	0	1	2	3
Distributor consolidation will slow down	-3	-2	-1	0	1	2	3
Wine is becoming more of a commodity	-3	-2	-1	0	1	2	3
Domestic grape/wine supply is tightening	-3	-2	-1	0	1	2	3
Cost of inputs will continue to rise	-3	-2	-1	0	1	2	3

10. How effective are the following tools when competing globally? (Please circle appropriate number)

	Not Effective		Somewhat Effective			Very Effective	
Scores	-3	-2	-1	0	1	2	3
Price	-3	-2	-1	0	1	2	3
Authenticity	-3	-2	-1	0	1	2	3
Appellation	-3	-2	-1	0	1	2	3
Distribution Network	-3	-2	-1	0	1	2	3

11. How important are the following topics to the industry (Please circle appropriate number)

	Not Important		Somewhat Important			Very Important	
Global Sourcing	-3	-2	-1	0	1	2	3
Label and Brand Proliferation	-3	-2	-1	0	1	2	3
Global Competition	-3	-2	-1	0	1	2	3
Impact of Supreme Court/Costco decisions (deregulation)	-3	-2	-1	0	1	2	3
Organic and sustainable farming/winemaking	-3	-2	-1	0	1	2	3
Winery Consolidation	-3	-2	-1	0	1	2	3
Distributor Consolidation	-3	-2	-1	0	1	2	3
Impact of imports on domestic brands	-3	-2	-1	0	1	2	3
Consumer willingness to explore new brands	-3	-2	-1	0	1	2	3
China/India markets	-3	-2	-1	0	1	2	3
Growth of private labels	-3	-2	-1	0	1	2	3

Shift away from beer/spirits to wine- Will it continue? -3	-2	-1	0	1	2	3	
Growth of wineries in non-western states	-3	-2	-1	0	1	2	3
Energy and input pricing and availability	-3	-2	-1	0	1	2	3
Labor availability	-3	-2	-1	0	1	2	3

12. Type of Company: City: _____ State: _____

____ Wholesaler ____ Distributor ____ Broker ____ National distributor ____ Other:

13. Please estimate your yearly sales : 2007(act) _____ cases 2010 (est.) _____ cases
2007 \$ _____ 2010 \$ _____ cases

14. Approximately how many different wineries do you represent? _____

15. What are the most important factors in your decision to carry a new wine? (Please mark top 4 only in order)

____ Varietal ____ Price/value ____ Taste ____ Great packaging
 ____ Brand strength ____ Customer requests ____ Dependability of supply ____ Supplier relationship
 ____ Marketing support ____ Stability of ownership ____ Portfolio fit ____ Press/reviews
 ____ "Green" messaging ____ Appellation/Region

16. Is the number of brands you are carrying increasing, staying the same or decreasing?

____ Decreasing ____ the Same ____ Increasing

17. Estimated percentage of your annual Case Sales in the following price categories:

Per 750 ml	2008	2009
> \$ 3	____%	____%
\$3-\$7	____%	____%
\$7-\$10	____%	____%
\$10-\$15	____%	____%
\$15-\$25	____%	____%
\$25 ++	____%	____%

18. Do you think Australian wines will increase ____ or decrease ____ in market share?
Do you think California wines will increase ____ or decrease ____ in market share?

Italy: ____+ ____- France: ____+ ____- Spain: ____+ ____- Chile ____+ ____-
South Africa ____+ ____- Argentina ____+ ____-

19. What one thing could wineries do to help you better distribute their products?

____ Hiring sales reps in area ____ Visit the market more often with us
 ____ Help us with training on your wines ____ Help us with consumer education on your wines
 ____ more support for existing brands ____ Give us as much information as possible and keep it current

20. What is your percentage on On-premise _____% vs. Off-Premise _____%

21. What is the percentage of Chain _____% vs. Independent _____% sales?

22. Do you see an increase for private labels owned by your customers? ____ Yes ____ No
If yes, what percentage of sales does this represent _____%?

21. Are the demands for marketing dollar going up or down? ____ Up ____ Down _____%

22. Are you seeing increased demand for the following product characteristics? (Y/N)

____ Organic Wine
 ____ Wine made from organically grown grapes
 ____ Sustainably grown wines
 ____ Biodynamic Wines

22. What is the most/least effective method to focus your sales force on priorities?

	Most				Least
Incentives	_____	_____	_____	_____	_____
Quotas	_____	_____	_____	_____	_____
Brand Tie-Ins	_____	_____	_____	_____	_____
Supplier Representation	_____	_____	_____	_____	_____
Other	_____				