



# Grape Marketing Considerations

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# Taking a Market Driven Approach

Is there a need/want your business can fulfill?

- What and how much is needed or desired?, What is valued?, What competition exists?

Who is the target market?

- Demographics & Psychographics
- Customer Values (Customer Benefit, Cost, Convenience, Communication)

Does a profitable market exist?

- Is there adequate market size and potential share?, Able to produce at a cost low enough and sell at a price high enough to generate a profit?

How do I reach the target market?

- Develop, implement and evaluate marketing strategies. (Product, Positioning, Price, Place, Promotion, People)

# Marketing Plan

- Growers need to develop a Marketing Plan before a crop is planted
  - Market Research
    - Current local winery scene?
    - Demand for locally sourced grapes?
  - Financial Goals
    - What price to charge for grapes?
    - Breakeven price?
    - Long-term profitability?

## ELEMENTS OF A MARKETING PLAN

### I. Introduction

### II. Market Research and Analysis

Situational Analysis

Product/Service Analysis

Target Market Identification and Description

Competitor Analysis

### III. Marketing and Financial Objectives and Goals

### IV. Marketing Strategies

Market Penetration

Market Development

Diversification

Product Development

### V. Marketing Mix/Marketing Tactics

Product

Price

Place

Promotion

### VI. Marketing Budget

### VII. Monitoring and Evaluating Market Response

### VIII. Marketing Plan Check List

# Marketing Plan

- Marketing Strategies
  - Who can I sell my grapes to?
  - How can I differentiate myself from other growers?
    - Quality, Variety, Price, Service?
- Marketing Mix
  - How do I connect with potential buyers?



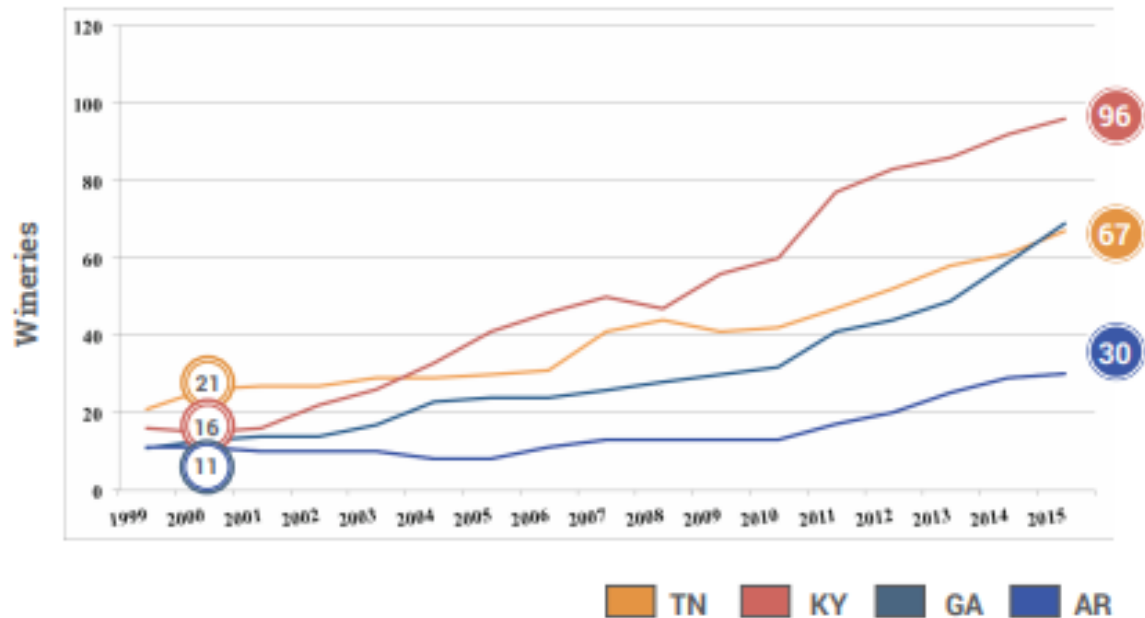
# Marketing for the Decades

- Well maintained vineyards will produce crop for decades
- Your Marketing Plan must have an equal longevity
- Think about how to sell your crop in the short term (5-10 years)
- But also have a plan for selling your crop in 20+ years
- Relationships with wineries are key

# Market Research

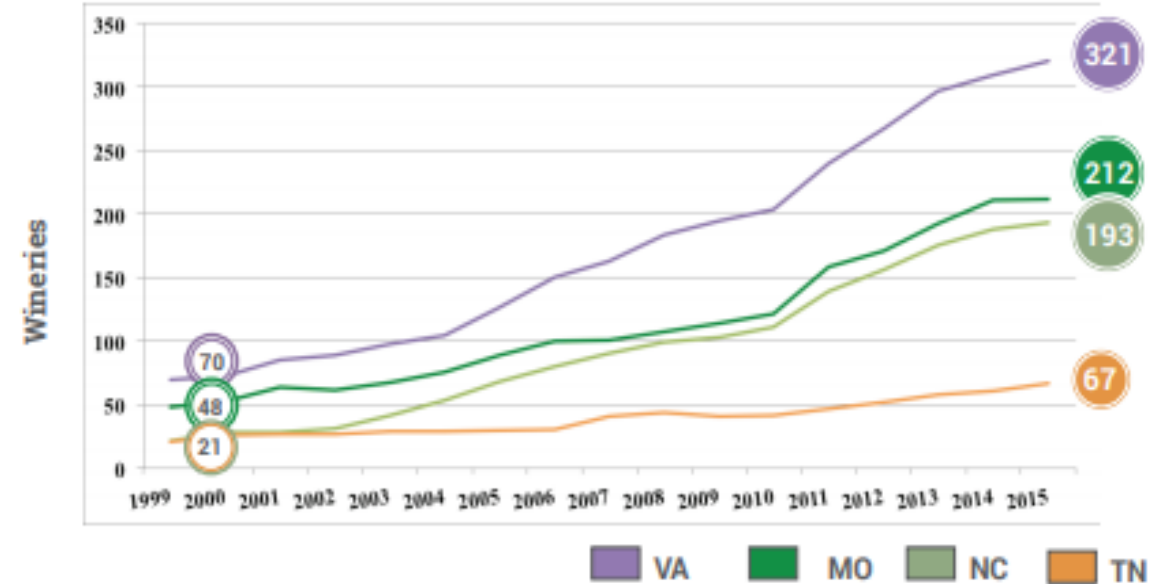
## Number of Bonded Wineries (1999-2015)

### Tennessee vs. Peer Neighboring States



Source: U.S. Department of the Treasury.

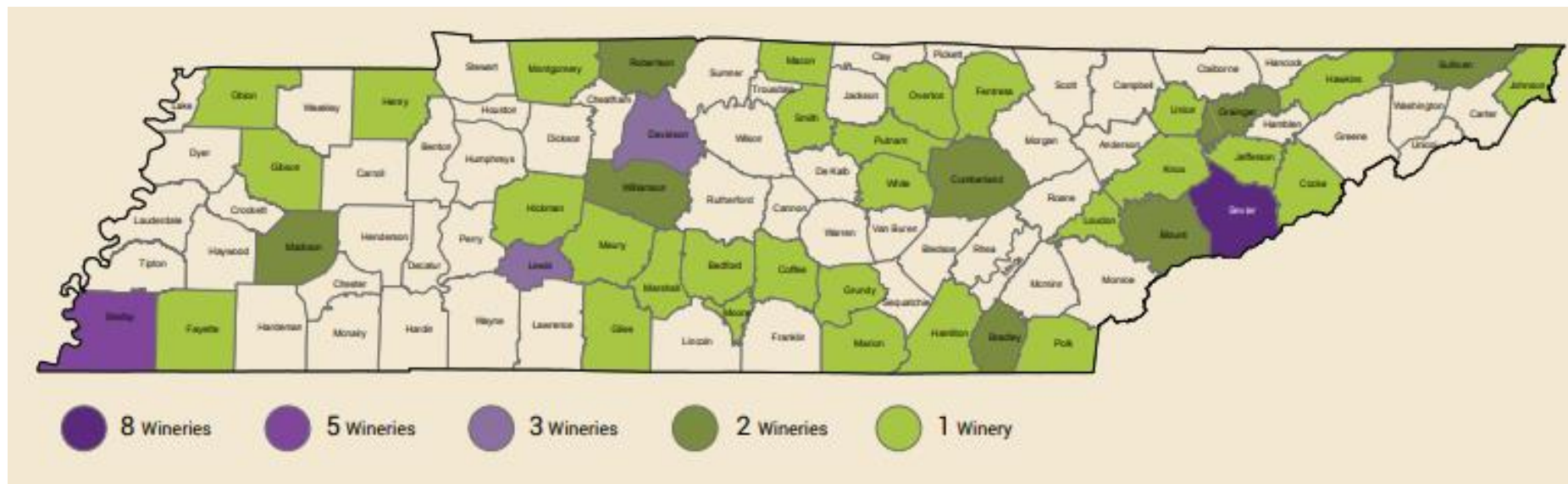
### Tennessee vs. Aspirational Neighboring States



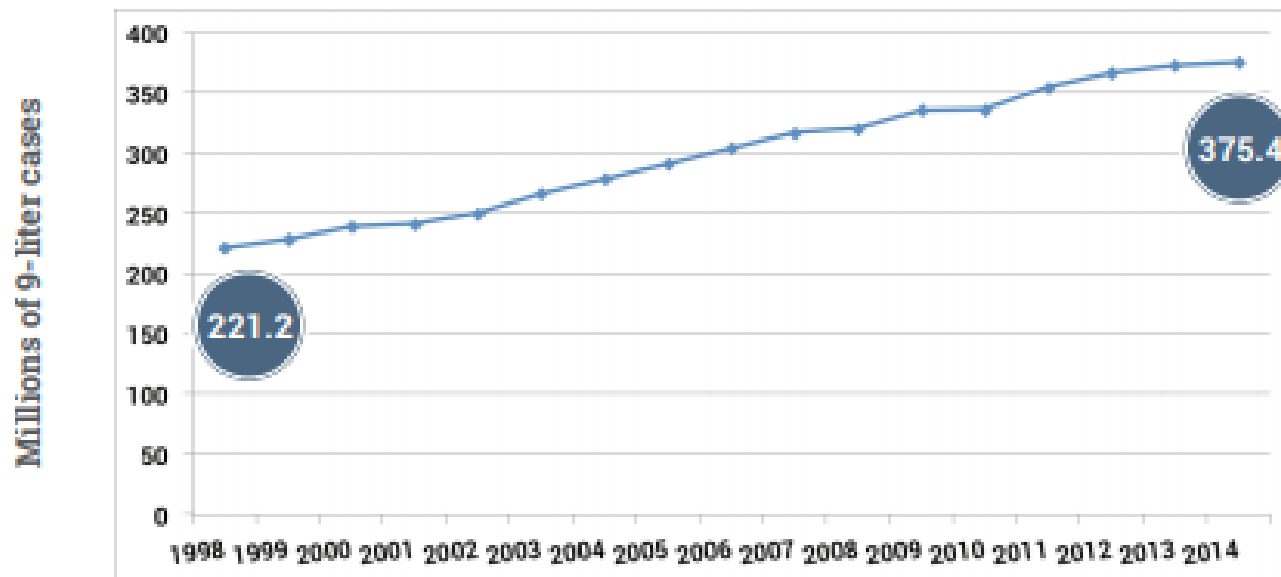
Source: U.S. Department of the Treasury.



# Number of Wineries per County in Tennessee as of January 2016



## Growth in Total U.S. Wine Consumption (1998-2014)



# Marketing to Local Wineries

Wineries need grapes and Growers need a buyer...

- What are the needs of local wineries?
  - Cultivars?
  - Quantities?
  - Pricing?
  - Uniqueness?
  - Relationships?
- Contracts





# Marketing to Local Wineries

- Cultivars
  - Learn about which cultivars you CAN grow in your area
  - Determine if potential buyers are interested in those cultivars
  - Gauge how many different cultivars buyers are interested in
- Quantities
  - How much product do buyers want
  - Are multiple buyers needed to sell all of your projected crop
  - Is your quantity of supply going to be meaningful to buyers

# Marketing to Local Wineries

- Pricing
  - You must know what your costs are
    - Establishment, production, overhead, etc.
  - These costs should be fully known when determining price
  - Know your breakeven price in comparable units to buyers
  - Need to communicate with potential buyers about pricing before you begin production

# Marketing to Local Wineries

- Uniqueness
  - Develop a uniqueness for your vineyard that will help to sell your product
  - Market your product as “local”
  - Have a story to tell about your vineyards
  - Wineries can use information about your vineyards in their marketing
    - Increases their need for your grapes

# Marketing to Local Wineries

- Relationships
  - Develop lasting relationships with your buyers
  - Invite winemakers to tour your vineyards regularly
  - Be active in the industry and constantly develop new relationships
  - Vineyards are long term investments, partnerships need to be equally long term

# Contracts between Wineries and Growers

A contract's contents should ensure that both parties have a fundamental understanding of the principle elements of the contract

- Grape Identity
  - Cultivar
  - Specific location on grower's farm
- Term of the contract
  - One season or multiple years



# Contracts

- Price and Payment
  - Ex. “payment within 30 days”
- Delivery and Acceptance
  - When, Where, and Who makes the decisions
  - When does ownership transfer
- Grape Quality
  - Mutually agreeable standards
    - Brix (sugar), acid, pH, MOG, defects, color, flavor, etc.

# Contracts

- Remedies and Dispute Resolution
  - Force majeure (events beyond the control of either party)
  - Grower's lien
  - Litigation, arbitration or other means of settling disputes
  - Incentives for superior product quality
  - Penalties for poor product quality

# Contracts

## What Growers Want

- Highest returns per acre
- Production of fruit at minimum quality standards needed to satisfy winery
- Financially secure winery
- Quick payment terms

## What Wineries Want

- Low costs per unit
- Maximum quality fruit to produce wines that surpass consumer expectations
- Payment terms that will not drain the winery's operating budget
- Accommodative growers to meet winemaker's requests

# Opportunities for Vineyard Diversification

- Agritourism
- Grapes for direct consumption or value-added products (jams, jellies, grape juice, fruit rolls)
- Berry production (blackberry, blueberry, raspberry)



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