

WINEMETRICS

Winemetrics Trilogy Analysis: Portfolio Performance, SWOT Analysis and Distribution Opportunities

Supplier:

Ascentia

Introduction

- Winemetrics, has created a trilogy of reports to provide suppliers with detailed insights into their portfolio, brand and chain distribution performance both by-the-bottle and by-the-glass.
 - Winemetrics' Supplier Report offers insights into the brand, variety and pricing structure of the top 50 suppliers on-premise
 - Winemetrics On-Premise Wine Distribution Report provides brand ranking by region and variety.
 - Winemetrics' Chain Restaurant Report analyzes 160 leading national and regional restaurant chains by supplier share, size, pricing and varietal composition.

Using Winemetrics' Trilogy to Provide Strategic On-Premise Insights

- The object of Winemetrics Trilogy Analysis will be the Ascentia portfolio, based on our 2010 data.
- Ascentia was chosen so as not to compromise any current or potential Winemetrics clients among the top 50 suppliers.
- Note: Buena Vista and Gary Farrell were sold by Ascentia prior to the publication of our 2010 reports in mid-2011 and are therefore not included in Ascentia's portfolio analysis.

Portfolio Performance Analysis

Based on Winemetrics' 2010 Supplier
Report

Portfolio Performance – A Question of Balance

- In examining the top 50 suppliers on-premise, we discovered that successful larger suppliers had balanced portfolios, spreading opportunity and risk across multiple brands, varieties and price points. Constellation Brands is a prime example.
- In contrast, suppliers with smaller portfolios have succeeded as icons of a single variety e.g. Silver Oak or have excelled in two leading varieties such as Jordan with Chardonnay and Cabernet Sauvignon.

Characteristics of Success Portfolios On-Premise

- In examining the successful suppliers with larger portfolios, we discovered the following pattern.
 - Even distribution across the portfolio's leading brands with no brand with more than 25% share.
 - Distribution concentrated in leading or rapidly growing varieties with no variety having more than a 30% share
 - In pricing distribution, no price segment has more than a 50% share.

SWOT Analysis of Ascentia's Portfolio

Winemetrics 2010 Supplier Report
Reveal Strengths, Weaknesses,
Opportunities for Ascentia's Brands

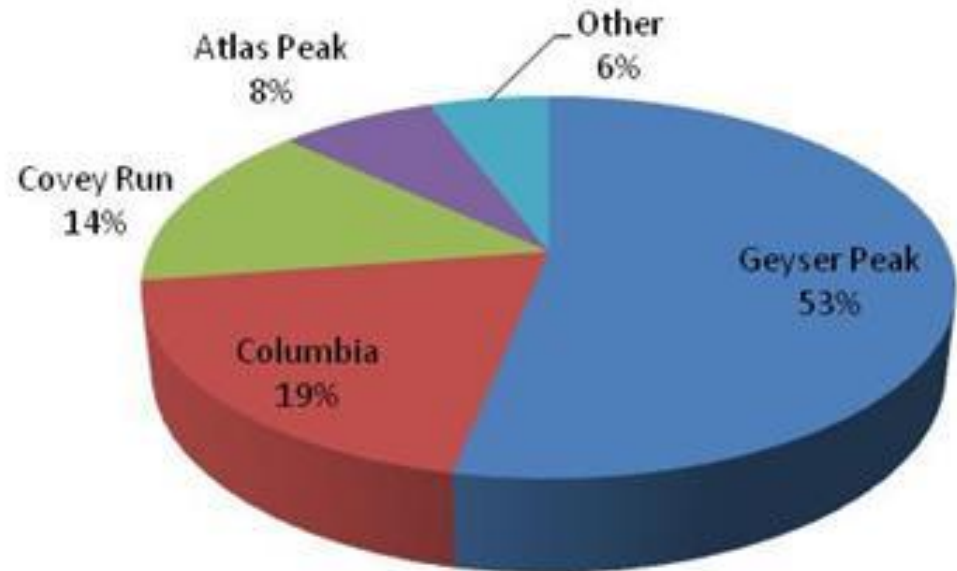
Ascentia's Brand Presence By-the-Bottle

We see that Geyser Peak is Ascentia's flagship brand with over 50% of its distribution, leaving the supplier dependent of its continued success.

A third of distribution is contributed by Columbia and Covey Run, smaller WA State producers. WA accounts for 10% of US wine distribution in our survey but is dominated by the brands of Ste. Michelle Wine Estates.

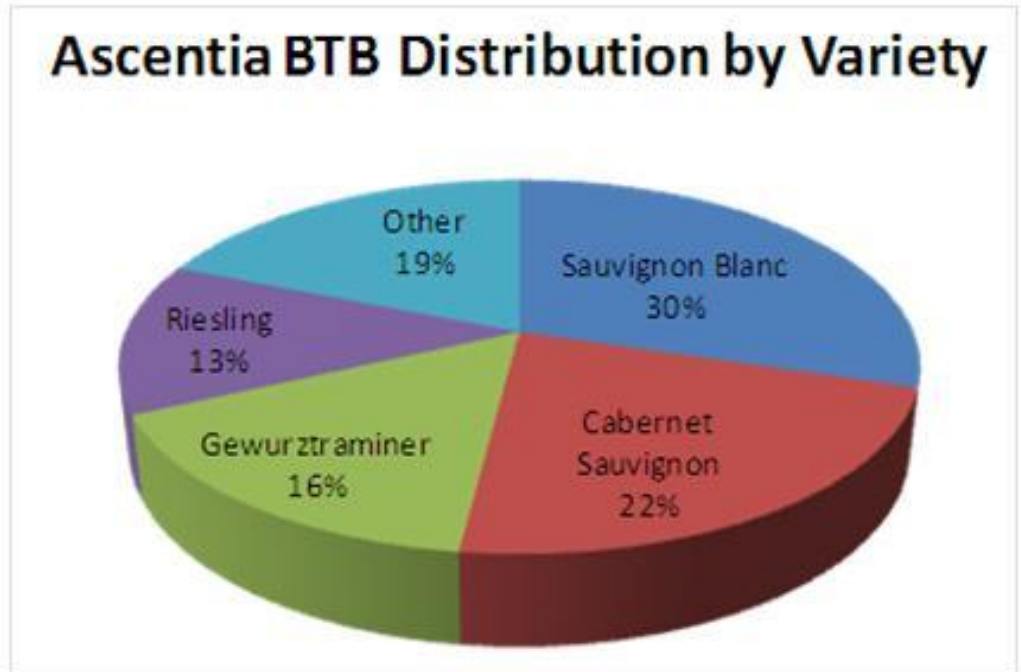
Atlas Peak, a Napa mountain based producer, is Ascentia's sole luxury brand but it represents less than a 10% share.

Ascentia BTB Distribution by Brand



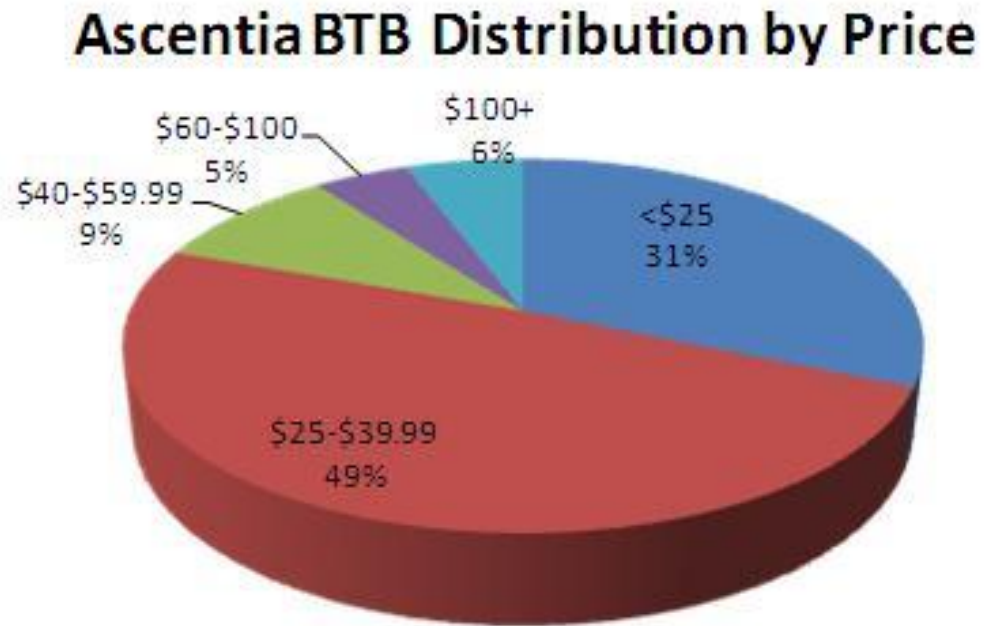
Ascentia BTB Varietal Distribution

Nearly a third of Ascentia's distribution is in Sauvignon Blanc and a little more than a fifth in Cabernet Sauvignon. There appears to be some balance here, but the portfolio is lacking the presence of more dominant or dynamic varieties such as Chardonnay, Pinot Noir, Merlot or Pinot Grigio.



Ascentia BTB Price Distribution

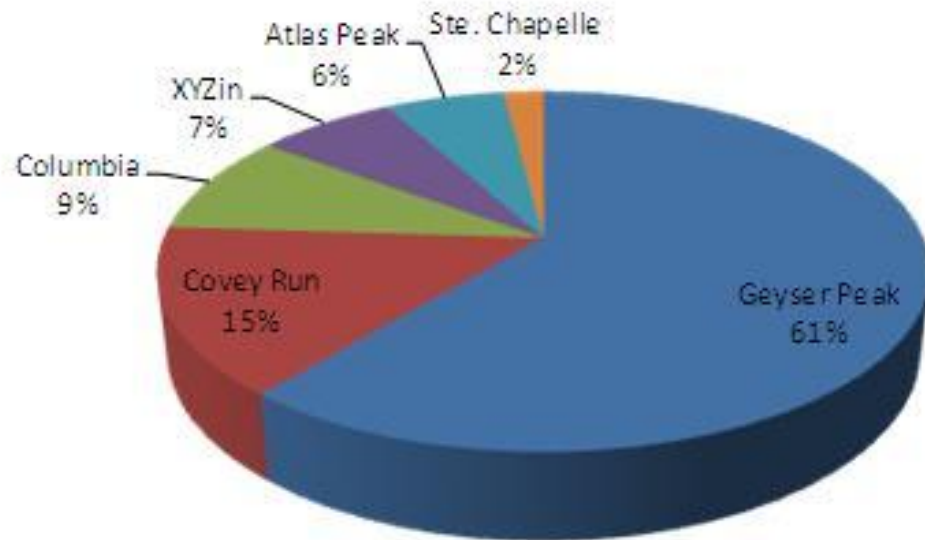
With 80% of its distribution under \$40, Ascentia has growth potential in these recessionary times. Such a pricing structure should allow Ascentia to secure larger share in casual dining chains.



Ascentia BTG Brand Distribution

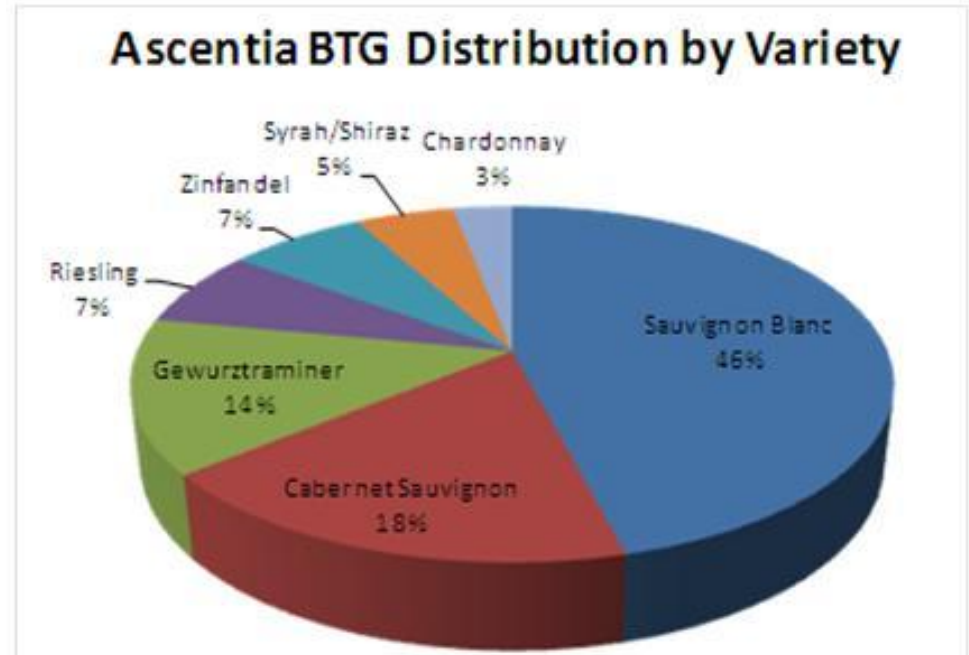
Ascentia is even more dependent on Geysler Peak BTG, with over 60% of distribution in this brand. Covey Run accounts for another 15% meaning that three-quarters of all BTG distribution is secured with just 2 brands.

Ascentia BTG Distribution by Brand



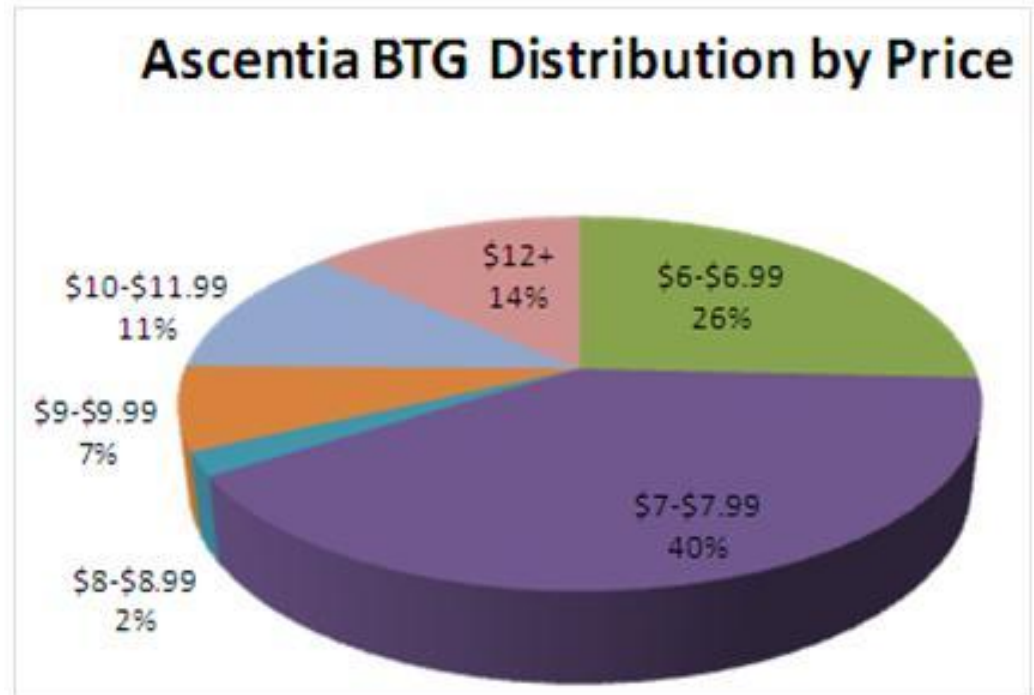
Ascentia BTG Variety Distribution

Ascentia is even more dependent on Sauvignon Blanc in the BTG sector with nearly 50% of distribution. Cabernet Sauvignon and Gewurztraminer account for another third.



Ascentia BTG Price Distribution

Given the structure of Ascentia's BTB Price Distribution with 80% under \$40, its BTG structure is somewhat puzzling. The 2/3 of BTG distribution under \$8 is understandable but the 25% over \$10 is difficult to explain.



Conclusions Based on data from Winemetrics 2010 Supplier Report

BTB Distribution

- Brand Focus: Geyser Peak, Columbia, Covey Run
- Varietal Focus: Sauvignon Blanc, Cabernet Sauvignon, Gewurztraminer, Riesling
- Price Segment Focus: Under \$40

BTG Distribution

- Brand Focus: Geyser Peak, Covey Run
- Varietal Focus: Sauvignon Blanc, Cabernet Sauvignon, Gewurztraminer, Riesling
- Price Segment Focus: Under \$8 but perhaps over \$10 also.

Ascentia's Brand Ranking by Variety

Evaluating Ascentia's Strength in Key
Varieties using Winemetrics On-
Premise Wine Distribution Report

Ascentia's Varietal Ranking

- Using data from Winemetrics On-Premise Wine Distribution Report, we can evaluate Ascentia's brand strength in its leading varieties.
- Sauvignon Blanc, Gewurztraminer and Riesling will be examined to determine opportunities for growth.
- Cabernet Sauvignon distribution was reviewed and Geyser Peak is ranked 62nd BTB and 55th BTG. Its ranking is too low and the category too competitive to significant impact with this variety.
- Additional analysis for Geyser Peak and Atlas Peak Cabernet Sauvignon is beyond the scope of this sample report.

Sauvignon Blanc BTB/BTG Distribution by Leading Brands

Sauvignon Blanc	1626	\$39.08	Rank	Sauvignon Blanc	905	\$8.42
Nobilo	100	\$33.59	1	Simi	90	\$6.04
Crawford, Kim	95	\$42.92	2	Nobilo	75	\$7.75
Simi	95	\$21.20	3	Beaulieu Vineyard	65	\$7.95
Brancott	73	\$32.64	4	Crawford, Kim	58	\$11.55
Beaulieu Vineyard	65	\$31.00	5	Geyser Peak	46	\$7.28
Cakebread	53	\$60.21	6	Brancott	41	\$8.37
Geyser Peak	52	\$24.12	7	Veramonte	33	\$7.73
Murphy-Goode	41	\$29.83	8	Mondavi Private Select	30	\$6.00
Cloudy Bay	37	\$63.76	9	Clos du Bois	24	\$7.95
Ferrari-Carano	37	\$38.74	10	Murphy-Goode	24	\$9.07

Distribution Analysis

- Geyser Peak is ranked 7th BTB and 5th BTG in Sauvignon Blanc distribution.
- With the 2nd lowest price BTB and 3rd lowest BTG, Geyser Peak should be able to expand distribution, especially among price-sensitive casual chains

Gewurztraminer BTB/BTG Distribution by Leading Brands

Gewurztraminer	121	\$38.04	Rank	Gewurztraminer	35	\$7.29
Trimbach	27	\$43.33	1	Covey Run	14	\$6.00
Wolf, J. L.	15	\$30.00	2	Helfrich	2	\$7.99
Columbia	14	\$30.36	3	Washington Hills	2	\$7.00
Covey Run	14	\$19.25	4	Auther, Domaine	1	\$10.00
Hugel	7	\$52.70	5	Banyan	1	\$8.00
Helfrich	6	\$44.67	6	Bouchaine	1	\$14.00
Bott-Geyl, Domaine	4	\$59.00	7	Chateau Ste. Michelle	1	\$6.00
Mann, Albert	4	\$50.00	8	Dopff & Irion	1	\$10.99
Zind-Humbrecht, Domaine	4	\$47.75	9	Fogarty, Thomas	1	\$8.25
Canoe Ridge	2	\$36.50	10	Montinore	1	\$6.95

Distribution Analysis

- Covey Run and Columbia share the #3 ranking BTB and Covey Run is all alone at #1 BTG
- Gewurztraminer's distribution has declined recently, falling behind that of Chenin Blanc and Albarino, but the higher price, with an average price of \$10 more BTB than Riesling may be a factor
- Riesling distribution is currently 12 times that of Gewurztraminer, perhaps there is an opportunity for this 'sister' variety to increase its share.
- Interestingly, Covey Run Gewurztraminer is celebrating its 30 anniversary this year, with its first vintage in 1982, at time before most CA and WA wineries were in existence.

Riesling BTB/BTG Distribution by Leading Brands

Riesling	1248	\$29.68	Rank	Riesling	952	\$7.32
Chateau Ste. Michelle	587	\$25.41	1	Chateau Ste. Michelle	539	\$6.43
Loosen, Dr.	100	\$33.79	2	Loosen, Dr.	78	\$10.69
Kendall-Jackson	70	\$26.10	3	Kendall-Jackson	68	\$6.68
Schmitt Sohne	35	\$31.09	4	Prum, S. A.	25	\$7.85
Jekel	31	\$29.00	5	Gunderloch	22	\$9.50
Prum, S. A.	31	\$27.34	6	Hogue	17	\$7.29
Gunderloch	29	\$43.91	7	Chateau St. Jean	15	\$6.05
Hogue	22	\$27.64	8	Wente	15	\$6.95
Loredona	18	\$27.72	9	Bridgeview	13	\$5.90
Wente	17	\$27.12	10	Clean Slate	9	\$8.11
Chateau St. Jean	15	\$20.07	11	J. Lohr	8	\$7.59
Columbia	15	\$29.27	12	Jekel	8	\$8.13
Bridgeview	13	\$23.00	13	Trimbach	8	\$11.75
J. Lohr	12	\$31.33	14	Kiona	7	\$6.98
McWilliam's	12	\$39.17	15	Schmitt Sohne	7	\$7.50
Trimbach	12	\$62.17	16	Forstmeister Geltz - Zill	6	\$11.83
Forstmeister Geltz - Zill	7	\$54.71	17	Vollrads, Schloss	6	\$10.83
Kiona	7	\$26.00	18	Loredona	5	\$7.40
Pauly-Bergweiler, Dr.	7	\$40.86	19	Berres, C.H.	4	\$8.00
Clean Slate	6	\$28.33	20	Columbia	4	\$6.56
Covey Run	6	\$25.83	21	Messina Hof	4	\$7.00

Distribution Analysis

- Riesling distribution is dominated by Chateau Ste. Michelle which has nearly a 50% share.
- Columbia, Ascentia's more expensive Riesling, leads Covey Run in distribution and is ranked 12th BTB and 20th BTG. Covey barely makes the top 20 in either segment.
- Covey Run's average price is among the lowest BTB price in the top 20 Riesling brands as is Columbia's BTG average price.
- Both brands have a more boutique reputation than their larger competitors and should be able to expand distribution based on price and reputation.

Conclusions

- Geyser Peak Sauvignon Blanc is the strongest product in Ascentia's portfolio with the opportunity expand on-premise due its favorable ranking and price.
- Columbia and Covey Run both have Riesling and Gewurztraminer as their strongest varieties.
- Columbia has the opportunity to break into the top ten BTB rankings of Riesling.
- In Gewurztraminer, Columbia and Covey Run together account for more BTB placements than #1 Trimbach and Covey Run is the #1 BTG brand of this variety by a wide margin.

Discovering Distribution Opportunities for Ascentia's Products

Winemetrics' Chain Restaurant
Report Reveals Current and Potential
Chain Placements

Finding Distribution Opportunities with Winemetrics Chain Restaurant Report

- Winemetrics Chain Restaurant Report allows users to discover distribution opportunities by variety and price both BTG and BTB based on the segment average (e.g. Casual American).
- Users can also monitor supplier share by segment and compare it to individual chains within that segment
- Users who have purchased the supplemental Excel files with this report can identify specific chains for targeted distribution.

Geyser Peak Sauvignon Blanc 2010

Distribution

BTB Distribution by Chain

Sauvignon Blanc	52	\$	24.12
Café Pescatore	1	\$	38.00
Cattleman's Steakhouse	1	\$	24.00
Copeland's	2	\$	25.00
Elephant Bar & Restaura	5	\$	23.00
Fat's Bistro	1	\$	29.00
Gallagher's	1	\$	34.00
Joe's American Bar & Gr	1	\$	26.00
Landry's Seafood	2	\$	27.00
Mimi's Café	13	\$	21.00
Old Spaghetti Factory	4	\$	28.00
Skipjacks	1	\$	36.00
Tahoe Joe's	1	\$	23.00
Texas Land & Cattle	3	\$	25.00
Typhoon	1	\$	26.00
Uno Chicago Grill	14	\$	21.87
Wildfire	1	\$	33.00

BTG Distribution by Chain

Sauvignon Blanc	46	\$	7.28
Café Pescatore	1	\$	10.00
Cattleman's Steakhouse	1	\$	6.50
Copeland's	2	\$	6.59
Elephant Bar & Restaura	5	\$	7.95
Gallagher's	1	\$	9.00
Joe's American Bar & Gri	1	\$	6.50
Landry's Seafood	2	\$	7.00
Mimi's Café	13	\$	7.00
Tahoe Joe's	1	\$	6.75
Texas Land & Cattle	3	\$	7.00
Typhoon	1	\$	6.95
Uno Chicago Grill	14	\$	7.30
Wildfire	1	\$	8.25

Geyser Peak Observations

- Geyser Peak Sauvignon Blanc (GPSB) has broad distribution across American, Asian, Seafood and Steakhouse chain in the Casual and Upscale Casual segments.
- Despite wide acceptance among a variety of venues, GPSB has only 2 national chains, Mimi's Café and Uno Chicago in its account base.
- Given Geyser Peak's attractive pricing, top 5 BTG ranking and prestigious Alexander Valley image, provide it with the necessary features to expand into more national chains.

Geyser Peak Recommendations

- Geyser Peak should target national and regional casual and upscale casual chains to supplement or replace less prestigious brands in the under \$30/bottle range.
- A list of target accounts with competitive Sauvignon Blanc and their average pricing BTG and BTB is listed on following page.

Target Chains for New Distribution with Competitive Products

Chain	Competitor	Country	\$BTG	\$BTB	Chain	Competitor	Country	\$BTG	\$BTB
BJ's Brewhouse	Nobilo	New Zealand	\$7.50	\$26.25	Maggiano's	Brancott	New Zealand	\$7.50	\$28.00
Bonefish Grill	Starmont	U.S.-CA	\$8.50	\$33.00	McCormick & Schmick's	Brancott	New Zealand		\$29.00
Bravo Cucina Italiana	Santa Ema	Chile	\$7.00	\$27.00	Melting Pot, The	Matua	New Zealand		\$28.00
CA Pizza Kitchen	Murphy-Goode	U.S.-CA	\$9.50	\$28.50	Outback Steakhouse	Clos du Bois	U.S.-CA	\$7.95	\$27.95
Carino's Italian Grill	Nobilo	New Zealand	\$6.95	\$24.00	PF Chang's	Brancott	New Zealand	\$9.00	\$29.25
Carraba's	Veramonte	Chile	\$7.50	\$29.00	Beaulieu				
Champps	Brancott	New Zealand	\$8.80	\$26.50	Vineyard		U.S.-CA	\$7.95	\$31.00
Chart House	Meridian	U.S.-CA	\$6.50	\$25.00	Red Lobster	Nobilo	New Zealand	\$7.99	\$30.00
Cheesecake Factory	Maryhill	U.S.- WA	\$7.50	\$28.00	Romano's	Simi	U.S.-CA	\$5.99	\$20.00
Gordon Biersch	Veramonte	Chile	\$7.75	\$30.00	Ruby Tuesday's	Bonterra	U.S.-CA		\$28.00
Keg Steakhouse	Villa Maria	New Zealand	\$7.75	\$28.95	Saltgrass Steakhouse	Murphy-Goode	U.S.-CA	\$6.99	\$27.00
	Mondavi Private				Z-Tejas	SeaGlass	U.S.-CA	\$8.00	\$30.00
Longhorn Steakhouse	Selection	U.S.-CA	\$6.00	\$23.00	Benihana	Chateau Ste.			
					Bertucci's	Michelle	U.S.- WA	\$7.25	\$28.00
						Casillero del			
					Pappadeaux Seafood	Diablo	Chile		\$30.00
					Pappa's Seafood House	St. Supery	U.S.-CA	\$7.00	\$28.00

Columbia Gewurztraminer and Riesling Distribution

BTB Distribution by Chain

Columbia	34	\$	31.29
Gewurztraminer	14	\$	30.36
Chart House	3	\$	29.00
Landry's Seafood	2	\$	34.00
McCormick & Schmick's	9	\$	30.00
Riesling	15	\$	29.27
Chart House	3	\$	30.00
Fat's Bistro	1	\$	25.00
Granite City	2	\$	27.00
McCormick & Schmick's	9	\$	30.00

BTG Distribution by Chain

Columbia	9	\$	8.47
Gewurztraminer			
Chart House			
Landry's Seafood			
McCormick & Schmick's			
Riesling	4	\$	6.56
Chart House			
Fat's Bistro	1	\$	6.25
Granite City	2	\$	6.50
McCormick & Schmick's			
Parker's Lighthouse	1	\$	7.00

Covey Run Gewurztraminer and Riesling Distribution

BTB Distribution by Chain

Covey Run			
Gewurztraminer	14	\$	19.25
PF Chang's China Bistro	14	\$	19.25
Riesling	6	\$	25.83
Austin America	1	\$	24.95
Chart House	3	\$	26.00
Stonewood Grill & Tave	2	\$	26.00

BTG Distribution by Chain

Covey Run			
Gewurztraminer	14	\$	6.00
PF Chang's China Bistro	14	\$	6.00
Riesling	1	\$	5.95
Austin America	1	\$	5.95

Columbia and Covey Observations

- Columbia and Covey Run both have Riesling and Gewurztraminer as their leading on-premise varieties and as both are WA State producers they could be direct competitors.
- Columbia's average BTB price of Riesling sells for about a \$5 premium to Covey Run's and its Gewurztraminer sells at a \$10 BTB premium.
- Columbia's distribution is centered in national Upscale Casual Seafood chains
- Covey Run's distribution, comprised primarily of Gewurztraminer, is based in the popular Casual Asian chain, P.F. Chang's.

Columbia and Covey Run Recommendations

- Use Columbia to expand distribution of Gewurztraminer and Riesling into Upscale Casual Seafood chains for BTB distribution and Fine-dining chains for BTB and BTG distribution.
- Use Covey Run to drive Gewurztraminer and Riesling in Casual American, Asian and Seafood chains as a primary focus.
- By focusing Columbia and Covey Run's distribution efforts in separate segments of the on-premise market, direct competition between the two brands may be eliminated.

Columbia Target Accounts

Upscale Casual Target Accounts

- Burton's Grill
- Firebirds
- Houston's
- Keg Steakhouse
- Seasons 52
- Mitchell's
- Pappadeaux Seafood Kitchen
- Pappa's Seafood

Fine-Dining Target Account

- Bristol/Devon Seafood
- Melting Pot
- Ocean Prime
- Oceanaire
- Roy's
- Truluck's
- Flemings

Covey Run Target Accounts

Casual American Target Accounts

- CA Pizza Kitchen
- Cheesecake Factory
- Gordon Biersch
- Houlihan's
- Mimi's Café
- Rockbottom
- Ruby Tuesday
- Uno Chicago Grill

Casual Asian and Seafood Target Accounts

- Benihana
- Elephant Bar
- Kona Grill
- Ra Sushi
- Bonefish Grill
- Flanigan's
- Phillip's Seafood
- Red Lobster