



Yountville company devises system to help small wineries sell online

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Hey Mr. and Mrs. Winery Owner. Remember e-commerce? Remember when they said you'll be able to sell your wine online? Remember those start-ups that spent a fortune trying to sell wine over the Internet? Many of them lost their shirts and faded into being merely a footnote in wine history.

Part of the reason, according to Chuck McMinn -- the king of start-ups as the founder of Covad, one of the country's first DSL providers, and now the owner of Vineyard 29 in St. Helena -- is that "wineries really like the old-fashioned way of 'send me the check in the mail.'" E-commerce, he believes, has been a mystery and an enigma to the wine industry.

But e-commerce as it pertains to wine has never really disappeared. It's been hovering out there in cyberspace just waiting for the right "platform" to come along.

There's a guy and a gal in Calistoga who think they've streamlined that platform and they believe they've just made it easier, legal and profitable for you to sell your wines online. With, they contend, no fuss and no muss.

Eric Binau, 42, and his wife Jennifer Rydzewski, 30, less than two years ago launched their Yountville-based Cultivate Systems, which provides Internet technology aimed expressly at the wine industry; and in particular, at smaller wineries which have limited resources and personnel.

2% per transaction

With Cultivate, which charges about 2 percent per transaction -- similar to what credit card companies command -- a winery's customers can go to its Web site and purchase its wine. The customers can then customize the transaction, track their purchases, and place themselves in an allocation queue for the next vintage's hard-to-get wines.

In turn, the winery gets paid in real time, can track customer needs and tendencies, and keep apprised of purchases without the use of paperwork or any additional employees.

There's no software to install, no hardware to purchase, no massive learning curve to master, and no IT person is needed on premises. It's all done over the Internet and through a winery's own Web site.

With financial backing from McMinn, who helped Binau and Rydzewski launch the project, Cultivate boasts 22 customers, including McMinn's Vineyard 29, Araujo, Pahlmeyer, Bressler, Kongsgaard, Arietta, Lail, Livingston-Moffett, Lynch, Boswell, D.R. Stephens, Switchback Ridge, McPhail, Elliott, and Barnett.



'Enough to break even'

Binou says that McMinn's financial contribution, "was not a great deal of money, but it's enough for us to break even." But McMinn, who says he was looking for a Web-based winery system for which to invest, says the CS platform makes sense.

"Wine customers are people of some means," the high-tech guru and now vintner explains. "And they are all computer-literate. Even though wineries aren't, their customers are."

One such customer is Ed Hogan, who is Pahlmeyer's general manager and director of sales and marketing. At his office on the Napa River in Napa last week, he demonstrated CS' platform.

"Last year (with the CS interface), it took a few days to process sales when it used to take a year," Hogan claims. "The internet is a miraculous way to market your wine. It didn't turn out that way, but it's a tool for us."

'Time to talk about wine'

"Before, we spent all of our time entering orders and then spending time figuring out where those orders were. Now, we have time to talk about the wine and our staff has the time to be proactive with it."

"If we stopped this system today, we'd have to hire a full-time employee and some part-time workers."

Hogan says the cost to Pahlmeyer using CS is "a lot less than what you pay a distributor," and that it generates revenue in the seven figures for his company.

Binou says that he targets small wineries with case production of less than 10,000 annually because, "There's an upcoming battle of small wineries and it's a challenge to see who can make the best wine; and who can take care of their customers."

As example, in a message on Pahlmeyer's site that is interfaced with CS, one customer writes in response to the possibility of purchasing some wine, "Marc is no longer with the company, but I would love to have this wine!!!"

Personal shipping requests

Another, in Texas, requests that the wine not be shipped "until the weather cools off. You know Texas summers."

CS' David McLaren, who is the company's vice president of sales and marketing, says that most wineries are too busy to handle a situation such as that.



"There are a lot of fires going on. We want wineries to be proactive," he explains. "We want them to be in the front end of dealing with their customers, while they can still deal with the back end."

"Talk about a competitive edge. That's huge. It baffles me why more smaller wineries don't use a system such as this. Our little mousetrap is what is going to help them compete."

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