

# Bloomberg Businessweek

## How Sonoma Wineries Thrive While Many Cut Prices, Sell Property

### Tons of Savings

"I just got a phone call offering me pinot noir from the West Side Road area in the Russian River appellation for \$2,500 a ton," Haserot says, smiling. "I would happily have bought the grapes in 2008 when the price was \$4,500, but they were all contracted to other wineries." Freeman Winery in the Russian River Valley town of Sebastapol, a maker of well-balanced, subtle pinots, is another success story, with revenue up 8 percent in 2009 over 2008. Ken Freeman, who founded the winery with his Japanese wife and now winemaker Akiko in 2002, is a businessman, too, with a day job as managing director of Knight Capital Partners, which provides capital placement services. The Freemans, too, buy grapes -- pinot and chardonnay -- though they've also invested in a winery with a dramatic stone wine cave.

Part of Freeman's brand-building strategy has always been exports — it sells 20 percent in Asia, especially to Japan — while 40 percent is direct-to-consumer sales, which generate far more revenue than selling through a distributor to retailers.

For me, a key factor in choosing a pinot noir is location. I want cool climate areas. In California, that's going to be near the Pacific Coast, San Francisco Bay and valleys that funnel cold fogs and wind in from the ocean such as the Sonoma County Green Valley region or Santa Barbara County's Sta. Rita Hills.



Elin McCoy, July 19, 2010

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