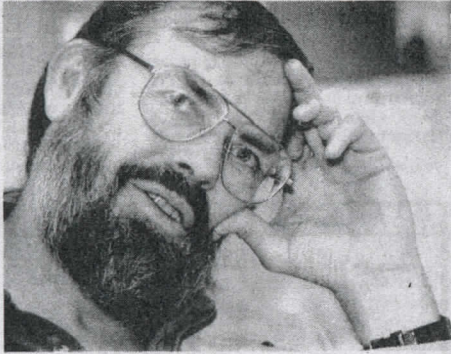


# BUSINESS / CLASSIFIED

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## State wine industry's key election



MARY CARROLL

*William MacIver opposes wine market order*

### Con: Money hasn't been spent wisely

By TIM TESCONI  
Staff Writer

Matanzas Creek Winery's William MacIver thinks grape growers should stay in their vineyards and let vintners peddle wine.

"Wineries are the ones selling the wine and therefore should be making the decisions," said MacIver, vice president of the Bennett Valley winery he operates with his wife Sandra MacIver, winery president.

MacIver is opposed to the joint marketing agreement between vintners and growers. He said most vintners in Napa and Sonoma counties will join with him in voting against the joint agreement, known as the Winegrowers of California, and supporting a vintner commission.

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■ *Market order analysis, Page E7.*

By DAN BERGER  
Staff Writer

**E**arly next month wineries and grape growers will vote on whether to establish a Winegrowers of California Commission to promote California wine.

This commission, jointly operated by wineries and growers, would continue the work of the similarly structured Winegrowers of California Marketing Order established in mid-1984. That marketing order has been funded by assessments on members, with a limit of a 1 percent tax of the value of grapes purchased by wineries and sold by growers.

The joint commission would perform most of the tasks now being performed by the Winegrowers, including the work done by its market development program, which represents more than 40 percent of its budget expenditures in the 1986-87 fiscal year.

The commission of 36 members would be equally split between vintners and growers.

For the joint commission to pass, separate referendums taken by the growers and vintners must both pass. The voting is based on both individual votes cast and on the tonnage represented by each voter.

For passage of the measure, 40 percent of those eligible must vote. Approval puts the joint commission in place for a five-year term.

If the joint commission fails, two more referendums will take place in April or May, one asking the vintners if they want a California Wine Commission and another asking growers if they want a California Winegrape Growers Commission.

If neither of those commissions is approved, another vote will take place in June asking vintners and growers if they want to renew the present Winegrowers of California Marketing Order.



MARY CARROLL

*Andy Beckstoffer favors wine market order*

### Pro: 'Cooperative spirit' must continue

By TIM TESCONI  
Staff Writer

Andy Beckstoffer said when he came to the Napa Valley wine country 15 years ago there were two classes of citizens: vintners and grape growers. And growers were decidedly second class.

As a grower, Beckstoffer considered this vinous class system rather silly because — no matter what side of the grape you are on — the common goal is wine.

Fortunately, Beckstoffer said, in recent years the class distinctions have narrowed in the Napa Valley and other North Coast grape regions, largely because of the mutual appreciation for the delicate relationship between those who grow the grapes and those who

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make and market the wine.

"We have developed a partnership that has resulted in better wines and better grapes and a better lifestyle," said Beckstoffer, who owns and manages 2,000 acres of vineyards in Napa County and 1,000 acres in Mendocino County.

Three years ago when the state's vintners and growers joined together, forming the Winegrowers of California, the partnership was forged on a statewide basis, he said. It was a historic alliance in which vintners and growers taxed themselves to promote wine.

Beckstoffer, who runs his wine grape empire from an office in St. Helena, considers the joint agreement a giant step in the maturity of the California wine industry. And he's fighting to keep it alive.

"The Winegrowers of California seeks to spread that partnership to the entire wine industry. It's a bold venture in cooperative spirit," said Beckstoffer, who supports the joint marketing agreement between vintners and growers.

Beckstoffer said in addition to strengthening the ties between growers and vintners, the marketing agreement makes good business sense because it has had an

impact on wine sales.

"Wine sales were up 8.5 percent through November (from the previous year). I think the best is yet to come," said Beckstoffer. "We need to vote this thing back in because three years is just not enough time."

Beckstoffer is one of the 18 California grape growers serving on the Winegrowers' 36 member board, which also includes 18 vintners. The Winegrowers of California, which was formed in 1984, has been bogged in controversy since it was established as a marketing order under the direction of the California Department of Food and Agriculture.

He concedes there have been start-up problems, lags in communication and some mistakes. But, he said, it's time to leave those problems behind and move on.

Beckstoffer believes much of the opposition to the Winegrowers of California is because it treaded into sacred territory, threatening the traditional role of the Wine Institute, a trade association for the state's wineries.

"There are a lot of bruised egos," he said. "I have heard no good business reasons for opposing the joint commission."

In the last three years, the Winegrowers has collected \$20 million through assessments on growers and vintners.

Beckstoffer said the program is worth the money. It already has paid dividends by increasing wine sales. He said in the long run it will mean higher prices for wine grapes.

He bristles at the suggestion by some vintners that grape growers have no business deciding how wine should be promoted. Most vintners would prefer that growers pay their money and stay in their vineyards — away from board rooms where programs are planned.

"That's taxation without representation. If one businessman expects another businessman to operate under that yolk he is out of his mind," Beckstoffer said.

Beckstoffer worries that if the vintners give the joint marketing agreement the thumbs down, it will damage the "cooperative spirit" between growers and vintners.

"I think that is something that anybody opposed to the joint commission must consider carefully. If it is perceived that vintners don't want to work with growers, it would overturn 10 years of work," he said.

"The Sonoma County Wineries Association has set the standard for regional organizations," he said. The association's annual grand tour, in which dozens of county wineries travel together promoting their wines, is the "envy of the wine industry," he said.

Maclver said he is strongly opposed to the joint marketing agreement but "is concerned about alienating our growers in the North Coast counties." He worries that if vintners pull out of the joint agreement it might send the wrong message to growers, damaging "the growing but tenuous alliance we have developed." He hopes that won't happen.

"This is not an anti-grower thing at all," he said. "This is an opportunity for all of us to get more control over how funds are used."

Maclver said premium wineries have contributed a "disproportionate share" to the Winegrowers of California. That's because the assessments are based on a percentage of the price of a ton of grapes. He said premium wineries pay more for grapes than wineries in the Central Valley, putting a tighter financial squeeze on North Coast wineries.

Maclver said North Coast wineries aren't getting their money's worth.

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The Napa Valley Vintners Association has voted to oppose the joint commission.

Santa Rosa vintner Cecil De Loach, president of the Sonoma County Wineries Association, said his association will not take a public stand on the joint marketing agreement because "there are strongly held positions on both sides of the issue." De Loach said a majority of the association's 90 member wineries favors a vintner group. A minority supports the joint commission. A third and smaller faction wants no commission.

"I firmly believe we need something. The worst thing would be to have no commission at all," De Loach said. He said he favors a vintner commission because "the money can be more effectively controlled."

Maclver said most premium wineries in the North Coast see the Winegrowers of California as an unwieldy group that hasn't made much headway in wine promotion, research and education since its formation in 1984. He said it's time to vote it out and let wineries get on with a commission of their own.

"The primary reason is that a winery commission would give us more power and more say about the use of funds," Maclver said.

During the last three years the Winegrowers of California has squandered money on misguided programs such as the "Julia Child fiasco," Maclver said.

He was referring to the Winegrowers' highly publicized campaign in 1985 to make the celebrated chef a spokeswoman for California wine. Child, a devotee of wines from throughout the world, refused to say that California wines were the only wines she drinks. But, nonetheless, she was paid \$100,000 to make vague statements such as "some of the best wines are California wines."

Critics said Child was more interested in the \$100,000 she received for her Santa Barbara culinary school than extolling the joys of California wine. The entire campaign, created by a San Francisco firm, cost \$345,000.

Critics charged that the campaign was a boondoggle. It left a sour taste in Maclver's mouth.

"The money that has been spent heretofore hasn't been spent wisely and money hasn't come back to the regional organizations," Maclver said. Regional organizations, such as the Sonoma County Wineries Association, are doing some of the best promotional work, he said.

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as Costa Mesa-based Del Taco Inc. and Orange-based Naugles Inc. and Miami-based Burger King Corp., use another important performance-measuring device: the stopwatch. If orders are not filled within three minutes, someone is going to get a bad report card.

And spies for the 2,600 units of Irvine-based Taco Bell travel with a scale to weigh tacos.

Not surprisingly, the result of all this spying, measuring and poking often goes into a computer. Restaurant managers can find themselves faced with a computer profile of their outlet's shopper performance for the past year. Management then offers suggestions or instructions for improvement.

Several companies deny bonuses to outlet managers if their restaurants do not do well during secret shopper visits. Naugles' managers, for example, do not get cost-control bonuses, which can be up to 20 percent of their salaries, if their secret shopper scores drop below 90 out of 100.

Naugles spends more than \$6,000 a month on shopper reports, which cost \$10 to \$15 each. The intelligence-gathering program began after the chain was bought nine months ago by Collins Foods. At the time, Naugles had lost nearly \$28 million since July 1983.

"We had our own gut feelings about what was wrong, but we needed an outside source," said Dennis Boylin, Naugles' vice president of operations support. "The mystery shopper was the best tool to find out what was wrong."

The spies confirmed management's suspicions, Boylin said. "Naugles' food was excellent and cleanliness was pretty good, but service was relatively poor. People didn't seem to be glad the customer was there."

Now they had better be glad because they may be secretly graded on their gladness at any given time. The company is so happy with the intelligence-gathering program that it now uses two independent secret shopper companies to check each other's results.

At Taco Bell's 2,660 stores, overall shopper-ratings have climbed "at least 40 percent" since the chain started almost weekly inspections 2½ year ago, said Michael Guido, regional vice president for Southern California. And customer treatment, he says, makes a difference in the bottom line.

Nobody is checking to see how glad the food spies are, however, which is may be a good thing as the life of a professional taster can be difficult indeed.

Kentucky Fried Chicken's Birge remembered days of smelling like chicken while she was a spy with a car trunk full of red and white boxes. You cannot keep them in the front seat, Birge explains, or else store employees will get suspicious. And you cannot throw them away, because you could end up retrieving a forgotten thermometer from a dumpster.

The restaurant's current spies, age 22 to 36, start out earning about \$17,500 a year, plus all the chicken they can eat, and work 10 to 12 days in a row on the road and then have five days off.

"It can get lonely," Birge noted, and the men seem to take it harder than the women.

So the company tries to hire shoppers who enjoy reading. "They're more comfortable than people who say they like to play racquetball three times a week," Birge explained.

Boredom is not the only problem for those who make a living by eating. Mystery shoppers also have to chomp through all that food.

One Kentucky Fried Chicken shopper put on 40 pounds in a couple of months.

Del Taco's lone shopper, who asked to remain anonymous, sports a basketball-sized paunch. But he says it is not the result of Del Taco food, but rather because he eats at "the finest" dinner houses in between assignments to vary his diet.