

2019 SVB Annual Wine Conditions Survey

Please be assured we only publicly report answers in aggregate and keep all individual answers completely confidential. We value your trust and appreciate your candid responses so we can all develop a better understanding of the industry's health.

1. What is your annual case production? _____
2. Estimate as best you can the average RETAIL price per 750ml bottle on the shelf for your wines in 2018.

3. How many years has your winery been selling wine commercially? _____
4. From which region do you primarily produce your wine?
 - Napa County, CA (including Napa Carneros)
 - Northern Oregon
 - Washington
 - Canada
 - Santa Cruz, Monterey, Santa Clara and San Benito counties, CA
 - Paso Robles AVA
 - Livermore, CA
 - Solano, Yolo and Contra Costa County, CA
 - Lake County, CA
 - Northern Central Valley, CA (Lodi, Sacramento, Merced, Stanislaus and San Joaquin County)
 - New York
 - Sonoma County, CA (including Sonoma Carneros)
 - Southern Oregon
 - Santa Barbara, CA
 - Virginia
 - Mendocino County, CA, including Anderson Valley
 - San Luis Obispo County, CA
 - Sierra Foothills, CA (Amador, Calaveras, El Dorado, Nevada and Placer County)
 - Marin County, CA
 - Southern California (San Diego, Temecula and Los Angeles County)
 - Southern Central Valley, CA (Fresno, Kings, Kern, Tulare and Madera County)
 - Texas
 - Other countries, states and regions not listed
5. Considering all distribution channels, estimate the percentage of your total wine revenue (in dollars) that come from restaurant sales? (Express as a percentage without any decimal points, e.g., 10 not 10.4.) _____%

6. What percentage of total wine sales come from the following broad sales channels? (Totals should add to 100 percent. Express as percentages without any decimal points, e.g., 10 not 10.4.)

_____ % Tasting room

_____ % Wine club

_____ % Mailing list/subscription

_____ % Wholesale

_____ % Export

_____ % Other

7. Fill in the blank with the statement that most closely matches your feelings regarding your winery:

When the 2018 fiscal year is complete, our winery will probably say that it was _____.

- The best year in our history
- One of our better years
- A good year
- A year of treading water
- A disappointing year
- One of our most challenging years ever
- The most difficult year in our history

8. Estimate as best you can your present direct-to-consumer sales by age group. (Please leave blank if you do not track this information at all. Totals should add to 100 percent. Express as percentages without any decimal points, e.g., 10 not 10.4.)

_____ % Gen Z (21 year olds)

_____ % Millennial (22-37 year olds)

_____ % Gen X (38-53 year olds)

_____ % Boomers (54-72 year olds)

_____ % Matures (73+)

9. Select the statement that most closely matches your belief about the expected net retail price changes for your wines in 2019.

- Strong decrease:** I need to give strong price reductions on most of my wines
- Moderate decrease:** I need to give modest price reductions on most of my wines
- Small decrease:** I need to give some small price reductions on selective SKUs
- Hold prices:** I can pretty much hold my shelf price on average
- Small increase:** I can take some small price increases on selective SKUs
- Moderate increase:** I can take modest price increases on most of my wines
- Strong increase:** I will be able to take strong price increases on most of my wines

10. Expressed as a percentage, estimate your total wine sales growth/decline in dollars for the end of December 2018 compared to calendar year-end 2017. (Express percentage without any decimal points. Declining sales should be expressed with a minus sign, e.g., -3.) _____%

11. Expressed as a percentage, estimate what you expect for growth/decline in 9L cases sold for the year ending December 2018 compared to calendar year-end 2017. (This is growth/decline in number of cases, not dollars. Express percentage without any decimal points. Declining sales should be expressed with a minus sign, e.g., -3.) _____%

12. Fill in the blank with the statement that most closely matches your feelings regarding your region:

“Local politics and commentary in my area lead me to believe that growth in wine tourism is _____.”

- Appreciated, welcome and publicly supported
- Generally welcome, but without much vocal public support
- Generally welcome, but with some vocal opposition
- Not much of a topic of discussion
- Generally unwelcome, but the dissent isn't particularly vocal or organized
- Unwelcome with organized and active opposition

13. Overall, how would you rate your 2018 harvest in terms of quality?

- Excellent
- Good
- Average
- Below average
- Poor

14. Compared to historical averages, where would you place your 2018 harvest in terms of yield based on the following choices?

- At or slightly below record high yields
- Better than historical average yields
- Close to average historical yields
- Weaker than historical average yields
- At or near record low yields

15. If you contract for grapes, please select the answer that most closely matches your grape purchase expectations for 2019 compared to the just completed 2018 harvest season. (Express as percentages without any decimal points. Lower expectations should be expressed with a minus sign, e.g., -4.)

- Tonnage expectations: We expect to contract about _____% more/less fruit next year
- Price expectations: We expect to pay about _____% more/less for fruit we buy next year

16. Do you use wholesale (If Yes, go to Q17. If No, go to Q19.)

- Yes
- No

17. How hard has it been to find good wholesale representation?

- Easy
- Some effort but doable
- Difficult
- Very difficult
- Impossible
- We really don't use wholesale that much

18. Generally speaking, how satisfied are you with your wholesale representation?

- Euphoric
- Very satisfied
- Satisfied
- Neither satisfied nor dissatisfied
- Less than satisfied
- Disappointed
- Seething disgust

19. Do you have an employee dedicated to analyzing consumer data?

- Full-time
- Part-time
- No

We've asked the following question for the past seven years with excellent response rates. Some may think the questions are sensitive in nature. We assure you the information will not be used for marketing purposes or anything other than helping us all develop a better understanding of industry health. Your answers are completely confidential.

20. Describe the financial health of your winery by selecting one of the following statements that most closely resembles your winery's financial situation:

- Rock solid**
(Very strong sales growth, strong margins and profits combined with low levels of debt.)
- Very strong**
(Strong sales growth combined with good margins and profits and only modest levels of debt.)
- Strong**
(Positive sales growth combined with average margins and profits and modest levels of debt.)
- Good**
(Flat sales growth combined with average margins and profits and average levels of debt.)
- Slightly weak**
(Flat sales growth combined with below average margins and minimal losses. You may be stretching vendors on occasion to make debt payments.)
- Very weak**
(Negative sales combined with weak margins and modest losses. You may be stretching vendors consistently or selling assets to make debt payments.)
- On life support**
(Large declines in sales and/or large losses. You may be past due on your bank loans and have already pushed your vendors about as far as you can and need a miracle. Survival is still possible.)
- Dead**
(You are winding down operations, closing, being forced to sell due to economic issues or may be in bankruptcy with no real expectation of surviving.)

21. Are you currently considering or would you consider the acquisition of a brand, vineyard and/or facility within the next five years? (If Yes, go to Q22. If No, go to Q24)

- Yes
- No

22. The acquisition would include (select one, a combination or all of the four options):

- Brand
- Vineyard
- Winery/production facility
- Hospitality facility

23. In the next five years, presuming you receive a fair price, the sale of your winery would be:

- Likely
- Something you'd seriously consider
- A possibility
- Unlikely
- Not going to happen

24. If you have children, how likely is it that they will take over for you at the winery within the next decade?

- There is a plan in place
- We are discussing the possibility seriously
- A hope, but we really don't know
- There is only a remote possibility
- We have no children or they would still be too young within a decade
- Even though we have children, there is no chance

25. Which generation in your family is currently running your winery?

- 1st generation
- 2nd generation
- 3rd generation
- 4th generation
- 5th generation
- Past the 5th generation

26. Winery confidence rating: Rate each of the following components either positive, neutral or negative. Ask yourself: Will this component impact my winery directly in 2019 and, if so, to what degree?

The impact of the performance of the economy on your winery	POSITIVE	NEUTRAL	NEGATIVE
The impact of changing U.S. consumer demand for your wine	POSITIVE	NEUTRAL	NEGATIVE
The impact of changes in direct, wholesale or export channels in which you sell your wine	POSITIVE	NEUTRAL	NEGATIVE
The impact of the availability of grape/juice supply for your winery	POSITIVE	NEUTRAL	NEGATIVE

The impact of a sufficient and skilled labor market for grape growing	POSITIVE	NEUTRAL	NEGATIVE
The impact of evolving alcohol laws nationally and/or changes in regional ordinances on your ability to conduct business	POSITIVE	NEUTRAL	NEGATIVE
The impact of changes in availability, rates or terms of capital and/or debt on your winery	POSITIVE	NEUTRAL	NEGATIVE
The impact of foreign competition on your wine sales	POSITIVE	NEUTRAL	NEGATIVE
The impact and availability of substitutes on your wine sales, such as craft beer, legalized marijuana and spirits	POSITIVE	NEUTRAL	NEGATIVE
Other	POSITIVE	NEUTRAL	NEGATIVE

27. Those are all the questions we have. But, if you have any final comments or suggestions for questions that you would like to see in future surveys, please enter them here:

