

Friday, October 23, 2009

Winery Exchange nears \$100M

Private label firm sells to Costco, Trader Joe's

San Francisco Business Times - by [Chris Rauber](#)



"We're growing our revenues, we're growing our profits," says Byck.

Winery Exchange Inc. is quietly building a globally sourced and marketed wine company. The Novato firm produces private-label wines, beer and spirits for clients like **Costco**, Trader's Joe's, **Kroger, Beverages & More**, Sam's Club, Britain's **Tesco** and **Cost Plus World Markets**.

The venture-backed company saw revenue more than double from \$32.7 million in 2005 to \$67.4 million last year, and hopes to crack the \$100 million milestone in the near future.

Peter Byck, its co-founder, president and CEO, is hesitant to project a specific 2009 revenue figure, but said "we're growing our revenues, we're growing our profits, we're marching toward \$100 million in revenue, and we're on the path to get there, this year or next."

The company has employees in far-flung spots like New Zealand, Spain and the United Kingdom, Byck said, and sources wines from California, Argentina, Australia, Chile, France, Germany, Italy, New Zealand, Oregon, Spain, South Africa and Washington.

Last year, it cracked Wine Business magazine's list of the top 30 U.S. wine producers, and it's now producing more than 4 million cases of wine and beer annually. Fifty-five percent of Winery Exchange's revenue is generated by wine, 25 percent by beer, 15 percent by spirits and five percent by its Trade Pulse strategic business

intelligence unit, which helps customers (and the company itself) manage distribution.

Major markets for its wines, along with the United States, are Britain, Australia and France, with Asia shaping up as a "growth area," said Byck.

The 10-year-old company is backed by a number of VCs, including **VCFA Group**, D.E. Shaw & Co., **Charter Ventures**, Camden Partners and Startup Capital Ventures.

"We're friendly competitors, but we don't swim in the same waters," said Cameron Hughes of San Francisco's **Cameron Hughes Wine**, who recalls that Winery Exchange started as a broader "virtual" wine venture in the dot-com era but focused on the private label sector when other niches didn't pan out.

But private label — including launching brands this year like Trouble Brewing, a domestic craft beer for Sam's Club; Zinopolis, a California zinfandel for Cincinnati's **Kroger Co.**; or Pacific Flyway, a Washington state riesling for Minneapolis-based **SuperValu Inc.** — is clearly paying off.

Allan Cook, Kroger's national manager of adult beverages, said Winery Exchange is considered a valuable supplier to the supermarket chain, which operates 2,486 stores in 31 states, including the Ralph's and **Food 4 Less** chains in California. Its sales at Kroger's stores "have been growing at a double-digit rate" every year since mid-2002, Cook said, and the supermarket company now buys 16 wine brands, three beer brands and a vodka brand from the Novato firm.

"We've got a lot of stuff going on," said Byck.

Behind the Winery Exchange

President/CEO: Peter Byck.

2008 revenue: \$67.4 million.

Founded: 1999.

Number of employees: 70.

History: Started as a business-to-business exchange in the dot-com era, then shifted to producing private-label wines, beer and spirits.

Source:

Winery Exchange Inc.