

Senate Bill 406 – Wine Shipping Direct to Consumers
Senate Committee on Labor and Business
Virtual Testimony by Gretchen Boock
February 2, 2021

Chair Riley, Vice-Chair Hansell, Members of the Committee:

My name is Gretchen Boock and I live and work in Yamhill County. I am the CEO of Dobbes Family Estate Winery and Wine by Joe, located in the City of Dundee. I was born and raised in the small, farming community of Mt. Angel and my husband and I are raising our three children in Newberg. We love Yamhill County and our beautiful state of Oregon.

I grew up working on farms and as I ventured into high school and later college, at Oregon State University, I spent my summers swinging a hammer working in construction, building wineries for my parents' business. Through that experience, I fell in love with the wine industry and in 1999, I put my dual degrees in Ag-Business and Spanish to good work in the wine industry.

Today, I lead a complex Oregon wine business. We produce and sell wine for our own brands, Wine by Joe and Dobbes Family Estate, and we also have a robust custom crush business where we produce wine for other Oregon wineries. We employ nearly 40 permanent employees and have around 100 employees on our payroll in any given year including our seasonal employees. Like most Oregon wineries, we have worked incredibly hard to build our business and our brands.

Wine by Joe is a premium-priced, nationally distributed brand, sold almost entirely through a national network of distributors, who deliver our wine to retailers. Over half of our sales happen right here in Oregon.

In contrast, Dobbes Family Estate is a boutique brand that produces only 5,500 cases annually, sold almost entirely through Direct-to-Consumer sales.

As a board member of the Oregon Wine Council, which represents over half of the state's wine grapes grown, produced and sold, and as the CEO of my company, I would like to help you understand how important the direct sales channel is to our Oregon wine industry and ask for your support of SB 406.

2020 put tremendous pressure on the health of Oregon wineries. Since March, due to COVID, our tasting rooms have been forced to close or drastically reduce operations. Today, we are still only partially open and operating in a very limited capacity. The devastating wildfires in Oregon added tremendous financial impact on our growers and wineries. Our industry has been deeply shaken and I am seeking your support to help ensure our collective future success.

The Oregon wine industry is made up of about 900 wineries and 1100 vineyards. The average price for Oregon wine sold in retail (grocery and retail stores, not tasting rooms) is just over \$15, and after many years of selling our Wine by Joe wines through the national distribution system, I can assure you that it is a challenging, low margin business. Additionally, only 10 Oregon wineries make up 76% of all Pinot Noir sales nationally above \$11. This highlights that the vast majority of our 900 wineries and 1100 vineyards are like Dobbs Family Estate – they are HIGHLY dependent on the Direct-to-Consumer sales channel where volumes are low, but price points are higher, often \$50/bottle or more, and margins are reasonably healthy.

Senate Bill 406 would raise the cap on Direct-to Consumer wine shipments from two (2) cases per month to five (5) cases per month. Our neighboring wine communities in California and Washington have no monthly case shipping limits. Due to restrictions from COVID, wineries like mine currently have very limited ability to sell wine to our customers through our tasting rooms. Having the ability to sell even just a few more cases per month directly to consumers will help us keep our businesses afloat and help us to remain competitive with our industry colleagues in California and Washington. My team can cite multiple instances where we have lost sales due to the current regulations, not to mention the inefficiencies we face, having to manage to the current regulations. We end up trying to find solutions for our customers, like offering to hold the remaining cases to ship in a different month, and sometimes there are customers who simply say, “forget it, I’ll just buy up to the limit,” impacting our ability to make those valuable direct to consumer sales.

Senate Bill 406 would give a lifeline to many of Oregon’s small, local wineries who have seen decreased foot traffic due to the pandemic. I know that many of these small wineries have been forced to pivot and adjust the way in which they are getting their products to consumers, especially given increased health and safety precautions. A minor increase in the number of cases these small businesses are allowed to ship directly to consumers each month would allow them to reach their customers in a manner that is safe and efficient for consumers, employees and wineries.

Please help ensure that the industry that has become so vital to our state’s economy can remain intact for the future and support Senate Bill 406.

Thank you,
Gretchen Boock
CEO
Dobbles Family Estate & Wine by Joe