

MARKET WATCH

MARKET INTELLIGENCE ON WINE, SPIRITS AND BEER

MODERN MARVELS

Few companies have embraced modernization like Winesellers, Ltd. Over the course of 40-plus years, the Illinois-based importer and marketer has evolved from a one-man wine firm representing a handful of small German estate producers into a nationwide importer and brand owner with a portfolio spanning the globe.

What started out as CEO and founder Yale Sager's love for travel and culture has turned into a family affair, as he now works alongside his sons, co-presidents Adam and Jordan Sager. The Sager brothers manage Winesellers' daily operations and have embraced all that modern wine retail offers, from contemporary products and packaging to social media outreach to virtual tastings and events.

Family is at the heart of everything that Winesellers, Ltd. does, with the company working primarily with family-run wineries and nurturing their brands. Some of Winesellers' biggest success stories come from its family partners, including Argentina's Zuccardi family, Spain's Vivanco family, Italy's Botter family, and the U.S.-based Master family. In all, Winesellers, Ltd. has 20 core supplier partners around the world, and roughly 70 wine brands. A third of its sales are now from company-owned domestic and imported wines. In 2019, Winesellers' annual case volume reached 760,000 9-liter cases, and revenue was at \$45 million. While the pandemic has affected sales, with revenue down about 18% by mid-year, the Sagers remain upbeat about the company's future and growth.

"We've stayed relevant for more than 40 years, which is a true testament that what we're doing works," Adam says. "We've stayed true to who we are and what we do well. One of our greatest strengths is our wholesaler relationships and partnerships across the country. We have a reputation for exceeding consumer expectations. We're down by sales this year, but our mid-year account-

Winesellers, Ltd. is embracing new technology to boost its wine import, sales, and marketing business to stay relevant during this trying time

BY LAURA PELNER

ing results were more profitable than last year, which is amazing. We're willing to experiment and do business in new and creative ways. We know it will take time, but we feel that business will come back."

Family History

Yale got his start in the beverage alcohol business as a wine buyer for the Chicago-based Jewel-Osco supermarket

chain in 1967; before that he was a working pharmacist and store manager at Walgreens. He upgraded the wine section at his Walgreens unit during that time, and fell in love with the wine industry while traveling in Europe. In the early '70s, he helped Jewel-Osco's annual wine business reach \$30 million, and in 1973 he joined importer Shaw-Ross as a Midwestern sales representative.

Eager to run his own business, Yale launched Winesellers, Ltd. in 1977 to import wines from a handful of small German estate producers. Early on, producer Georges Duboeuf introduced him to wines from Beaujolais, and Yale began representing the Duboeuf brand in the U.S., which helped to propel his company as it grew to become a top import. Winesellers represented Duboeuf—splitting the country with Deutsch Wine & Spirits—through the early 2000s, and while the company no longer has Duboeuf today, it remains focused on family-owned producers.

"Our dad is a dynamic guy and he doesn't like to sit still," Adam says. "He's drawn to travel and experiencing different cultures. Family is an important part of our DNA." Yale maintains the title of CEO at Winesellers, and Adam says

OPPOSITE: Yale Sager (right) founded Winesellers, Ltd. in 1977, importing wines from boutique German producers. Today, his sons Adam (left) and Jordan (center) are co-presidents of the company—which now employs 35 people—and run its daily operations.

PHOTO BY (OPPOSITE) HOLLY LEITNER





Winesellers partners with Familia Zuccardi in Argentina, carrying its core brands Bodega Santa Julia (Maipu vineyards top; Malbec above) and Zuccardi Valle de Uco. In total, this crucial partnership represents about 25% of the company's business.

he focuses on managing banking relationships and foreign currency. Most of the daily operations are run by Adam and Jordan, who each handle specific supplier relationships and also have their own focuses within management and operations. Adam oversees the company's marketing, and Jordan manages a lot of the production and winemaking, especially with the company-owned labels.

"Dad started out as a one-man operation in a one-room office," Adam adds. "Early on, he used a broker network and had sales brokers around the country that represented Winesellers, Ltd., and other companies. My brother and I changed

WINESELLERS, LTD. AT A GLANCE

Founded	1977
Key Executives	CEO and founder Yale Sager; co-presidents Adam Sager and Jordan Sager; director of marketing Todd Nelson; vice president of portfolio and education Lee Schlesinger; vice president of sales for the Eastern region Valerie Lynch; vice president of national accounts Diana Malloy
Headquarters	Niles, Illinois
Number of Employees	35
Number of Supplier Partners	20
Annual Case Volume	760,000 9-liter cases; 5,000 cases are from cider and the rest are wine.
Annual Revenue	\$45 million in 2019. The company expects to finish 2020 down about 15% due to Covid-19 and lost revenue in the on-premise.
Website	Winesellersltd.com
Future Plans	Ultimately, the Sagers hope to reach 1 million cases in annual volume. For the short term, the company is working to recapture the business it lost in the on-premise during Covid-19. While Winesellers isn't planning any major new launches soon, executives say more wine projects are in the works.

that. To grow further we needed our own salespeople, who worked directly for us.” Today, Winesellers has 35 employees. The company retained everyone during lockdowns caused by Covid-19 and had no layoffs or furloughs. “At the end of the day, we’re a family business,” Adam says. “We have employees we care deeply about, and suppliers we care deeply about, and we continue to stay true to that.”

Jordan adds that the company emphasizes its family mentality throughout its network—from its employees to its distributor partners to its supplier clients. “It transcends our immediate family,” Jordan says. “It’s everything we do and everything we’re about. We prefer to work with families, both on the supplier side and with family-owned and -operated distributors. It’s unique in our industry to be a family that works with other families.”

Worldly Wines

Winesellers, Ltd. has 20 core suppliers around the globe and a roster of roughly 70 brands. Generally, the company aims not to have overlap among wine varietals and regions. For instance, Winesellers has one partner in Argentina—Familia Zuccardi—and carries two core brands from them, Bodega Santa Julia and Zuccardi Valle de Uco, which span up to 50 individual SKUs and represent about 25% of the company’s total business. Other key strategic partners include the Vivanco family for the Carlos Serres Rioja brand; the Botter family for Italy’s La Fiera, Bellafina, Gran Passione, and Piazza del Castello brands; and the Master family for the domestic labels Tortoise Creek and Kin & Cascadia, Italy’s Tiamo, and France’s Le Charmel. The exception to this is Germany, from which Winesellers carries

more than 15 small Riesling labels from a handful of different family producers.

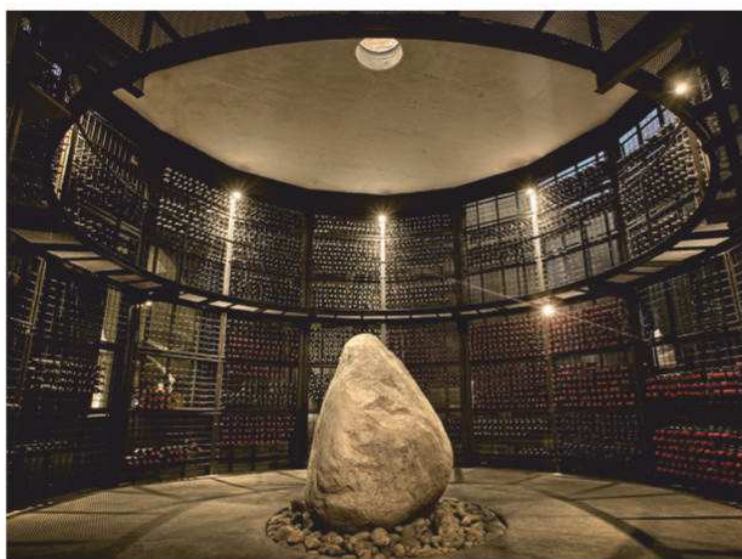
“We take extra care and put a lot of attention toward making sure our portfolio is well-rounded and diverse,” Jordan explains. “We don’t have a lot of overlap in countries, varietals, or price point. Every brand fits and has its own place and position in our company.” Winesellers, Ltd. imports more than 500 different SKUs in total and moved 760,000 9-liter cases last year. The company estimates that case sales will be down 15% by the end of this year due to losses in the on-premise during the height of the Covid-19 pandemic. Annual revenue was roughly \$45 million in 2019.

“We’d love to get to one million cases,” Adam adds. “Before Covid-19, our business was 40% driven through on-premise consumption, but that all came to a halt in mid-March. Our retail business is up substantially and our e-commerce sales are up even more substantially, but not enough to overcome the lost business in the on-trade. We’re down about 18% by sales revenue mid-year.”

While that’s a considerable impact to earnings, it’s not nearly as bad as it could be. The Sagers credit a lot of their off-premise success to their value-driven portfolio, noting that the idea of value wines doesn’t have to come with a negative connotation. During times of economic difficulty, value-oriented wines excel, and that’s boosted Winesellers’ portfolio during the Covid-19 pandemic, and even earlier. “The 2008-2012 financial crises were some of our fastest-growing years,” Adam says. “The wines we sell and specialize in are approachable. Between ’08 and ’12 we grew case volumes by 50%. Since 2010 our sales revenue has doubled.”



Winesellers partners with 20 core suppliers and has a portfolio that includes about 70 brands, importing wines from both New World and Old World producers. Key partnerships include the Rioja-based Vivanco family and their Carlos Serres brand (vineyards left; barrels right).



Winesellers' on-premise sales had been at roughly 40% of total revenue before the Covid-19 pandemic hit. The company has worked to keep its brands (Zuccardi Valle de Uco vineyard top; cellar above) on consumers' radar via partnerships with lifestyle bloggers as well as the SevenFifty e-commerce platform.

Innovation also abounds for Winesellers in the social media realm, especially during the Covid-19 pandemic. The company is active on Twitter, Instagram, and Facebook, and has used these platforms—as well as e-commerce services like Drizly, Instacart, and Wine.com—to connect with consumers in myriad ways. Adam says the company aims to

provide high-quality online content to attract wine buyers. To that end, Winesellers has partnered with a variety of lifestyle bloggers and employed SevenFifty Technologies to further its online presence. “Customers, especially now, want to feel your brand to understand it,” Adam adds. “We put together a detailed strategy for digital and virtual tastings and pulled off a lot of successful events this way over the last few months. If our sales people can’t go into a store for an event because of the pandemic, we still want them to be visible and promote our brands.”

Even with the lost business from the public health crisis, the Sager brothers remain optimistic about their company’s future growth and the overall health of the wine industry and restaurants and bars. Adam estimates that the on-premise portion of Winesellers’ sales likely won’t get back to 40% of overall revenue anytime soon, but that he hopes it will reach 25%-30%. Ultimately, he says his family’s goal is to reach 1 million cases in volume annually and that he expects to see double-digit sales growth next year. Jordan adds that committing

to digital and social media outlets will be key in achieving that milestone. “We feel lucky where we are,” Jordan says. “We’ve been around for 40 years and we’ve stood the test of time, so we’re well-positioned to get through this and to get back to growth when everything settles down. The diversity of our portfolio is key.”

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