

Frog's Leap Winery



Consultant Team

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Frog's Leap is a mid-sized vineyard and winery in Napa Valley, California that is dedicated to green farming practices and looks at the farm as an ecological whole. Frog's Leap takes a biodynamic approach beyond the vines to include the soil, the insects, and the entire community around it.

Business Summary

Frog's Leap takes a humorous and edgy approach to producing organic wine. The winery produces 62,000 bottles of wine each year from over 200 acres of vineyard. Frog's Leap utilizes dry farming techniques, which means that there is no irrigation; the only watering of the vineyard is strictly from rainfall. The company avoids unnatural fertilizers and pesticides, and uses cover crops and natural composts to enrich the soil. Frog's Leap utilizes photovoltaic panels to generate solar power for their operations. The company produces nine varieties of ultra-premium and luxury organic wine.

Customer Problem

The CEO of Frog's Leap, John Williams, is looking to establish the company's strategic operations for the next five to ten years. He would like to see a new sustainability initiative as well as an examination of two possible markets outside the United States with well-developed marketing plan. His overall goals for the vineyard are to:

- Increase sales, but remain a small winery
- Become even more sustainable
- Assure that a viable business can be passed on to the next generation of his family.

Sustainability Initiative

The initiative includes three efficiency proposals that will dramatically reduce costs, reduce the carbon footprint, and increase energy and water security for the farm. They are as followed:

- **Fuel Efficiency:** This plan will utilize biodiesel fuel for the tractors and vineyard equipment, plus use electric cars that hook up the solar power grid on the premises. This will both decrease operating costs as well as increase the health and quality of life for the workers and the plants. Additionally it mitigates the risk of dependence on energy and fuel prices in the future.
- **Water Security:** By lending our dry farming attitude to the buildings, we will create a dry living scenario. This is accomplished through rain water harvesting, which collects the rainfall in large cisterns as security or usage. Frog's Leap will continue to utilize the precious resource of rainfall to secure the facility from future hostile climates, including lack of rainfall or frost temperatures. This collected water can be used for a multitude of uses, including the water needs of the house and protecting the vineyard from frigid temperatures.
- **Packaging:** In Frog's Leap's determination to create a more perfect and sustainable terroir, it has neglected to optimize out-bound logistics. This proposal challenges the conventional bottling techniques and instead utilizes a more-cost efficient and green approach, using tetra-prisma aseptic packing technology. This saves an average of \$2.00/per unit and uses 90% less materials, while still being 100% recyclable. This will reduce the weight of the final product, decreasing transportation costs and reducing carbon emissions.

Global Wine Trends

The global wine consumption totals 32 billion bottles, a 4% increase since 2006. These numbers are expected to increase even more, to a consumption growth rate of 6% until 2015. This will result in an estimated increase of 2 billion more bottles of wine being consumed. While this is important, the *organic* wine trend is a metric that could be more important to Frog's Leap. Although the BRIC countries are increasing their wine consumption, there is not a strong market for organic or green wines. Despite the countries in Africa that are increasing wine consumption as much as 1000% every 5 years, the demand for the type of product Frog's Leap produces is rather low. Africa is now beginning to desire organic foods, but organic beverages are not as heavily demanded. Western European countries such as France and Spain have a strong organic drink market, but with a strong domestic organic production market. After careful analysis, the nations of Canada and Sweden are recommended foreign markets.

Canadian and Swedish Markets

After an analysis, there are five reasons that distinguish these two countries from the rest of the world and make them attractive export markets. These reasons are:

1. Poor domestic wine markets
2. Increasing trend in green and organic products
3. Alcohol retailers actively pursuing organic wines
4. Both in the top 20 in per capita wine consumption
5. Receptive to innovative wine packaging

Marketing Strategy

When entering these new markets, Frog's Leap must thoroughly study the targeted region and create techniques for reaching the desired market of environmentally-conscious wine drinker. After extensive research, two beachhead cities have been identified in each country, as well as three sales channels that Frog's Leap hopes to utilize to help enhance the brand.

- **Canada:** Frog's Leap will first introduce its products in Vancouver, British Columbia. Vancouver is Canada's third largest metropolitan area, but it is ranked in the top 5 greenest cities in the world, and number one in Canada. The population is concerned and interested in organic and green products, and thus is a great place to begin sales in the country.
- **Sweden:** Frog's Leap will enter Sweden's third-largest city: Malmö. This city is a global innovator in green energy, and the population is environmentally-conscious. It is young city, with over half of the population below 35 years old.

Sales Strategy

Frog's Leap will utilize three sales channels in order to expand the product in Canada and Sweden. The three channels are:

- **Prospective Strategic Partnerships:** Just as Frog's Leap partnered with Shake Shack in the United States, we will partner with domestic restaurants to create brand awareness and increase visibility of the product.
- **Retail Outlets:** As Frog's Leap has done in the United States, their products will be available through popular wine retailers. In Canada, Frog's Leap will sell its wine in the popular retailers, such as BC Liquor and the Liquor Distribution Branch. In Sweden, Frog's Leap will sell its product in the only retail liquor distribution channel, a monopoly called Systembolaget.
- **Fellowship of the Frog:** Local sales representatives will do wine tastings and utilize social media to create brand visibility and eventually brand loyalty. This will lead to direct to customer sales after primarily targeting the LOHAS demographic.