

Title: ' **Family winemaker with the New World at her feet** '

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"...what is your opinion on closures? Do you like screw cap?' And I'm like, 'we started screw cap - don't you remember the jug wines?' My grandpa thought it was the best. But I am a traditionalist, I always want a cork."

As one of the third generation of the world's largest private winery, Gina Gallo is taking America's favourite brand upmarket. Gina Gallo was always aware of the family business as she grew up on a farm in rural California, listening to her father and grandfather discussing work at the dinner table, where there was always a bottle from their own vineyards.

But she only really became conscious of the size of E&J Gallo when she began using credit cards, and cashiers would double-take and ask, "Gallo? Like Gallo wine?" She laughs. "And I'd be like, well, no, I dunno. Then you start to absorb it and of course look at the wine shelf and there is a lot of product on the shelf, that's when it really hit home for me."

Gina is part of the third generation of Gallos now running the world's largest privately owned winery, which is celebrating its 75th anniversary this year. One in every four bottles of wine drunk in the United States is sold by E&J Gallo. It is the third best-selling wine brand in Britain, behind Hardys and Blossom Hill, according to Nielsen.

Gina started out in the company in the sales department but decided to enrol on a wine-making course to better understand what she was selling. After two lessons, she was hooked, and switched direction. She is now the company's chief wine-maker, with particular responsibility for the Sonoma brand, which is taking the family business in a more upmarket direction.

"Everyone has the ability to taste, but you have around 20% where you can really turn the volume up, so to speak, where you can train your palate," she says. "It is like anything else, if you put your mind to it you can improve, just tasting the wine, the fruit components, tasting herbs, you can really pick it up."

There are 15 family members working in the business. Her father, part of the second generation, worked alongside the company founders, Ernest and Julio, who continued in the business well past retirement age. The current chief executive, Joseph Gallo, is Ernest's son. The business is big enough and offers enough different opportunities to ensure the family members are not stepping on each other's toes and creating friction, she says. Her brother Matt manages the Sonoma business and another manages the glass factory. The first two members of the fourth generation have just started work.

Gina is as sunny as a California day. She talks rapidly, spilling from subject to subject, and rarely finishing a sentence. It emerges that British people tend to buy cheaper bottles of wine than Americans. Perhaps we might be cheapskates? No, she insists with enthusiasm, "just savvy, smart buyers". The family spotted her media-friendly appeal early on and began using her to front advertising campaigns in the US in the mid-1990s.

French crisis

New world wines, from California and Australia, have grown rapidly in the past five years, sparking something of a crisis in France. In Britain, American wine was selling less than half the volume of French wine in 2002. But last year, for the first time, sales of American wine overtook French. US-made wine now has a near-16% share of the UK market.

What accounts for the rapid growth? She suggests that the taste of the fruit is more obvious in new

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world wines. "I think they are approachable on the palate, approachable on the label, easier to understand," she says, even though she professes to have more European wine than Californian in her own cellar.

America is not only selling more wine, it is also drinking more bottles than ever. The US overtook France as the world's biggest market last year. Red and white sales in the UK are flat, although rosé is growing at more than 20% a year.

The brothers, Ernest and Julio (Gina's grandfather), started out in 1933 in the dying embers of prohibition, learning the trade from library books. Julio was the winemaker and Ernest the salesman. They had a reputation for toughness, vowing to make Gallo the Campbell Soup Company of the wine industry. In 1989, they successfully sued their brother to prevent him from marketing Joseph Gallo Cheese.

They were pioneering in making wine popular in the US, with brands including Thunderbird, Night Train, and screw-top wines (called jug wine in the US) such as Carlo Rossi and Gallo Hearty Burgundy. "I get a kick out of it now because I will get, 'what is your opinion on closures? Do you like screw cap?' And I'm like, 'we started screw cap - don't you remember the jug wines?' My grandpa thought it was the best. But I am a traditionalist, I always want a cork."

The company was for a long while the largest winemaker in the world but was overtaken by the listed American business Constellation Brands, after it bought Australia's biggest producer, BRL Hardy, in 2003.

Gina worked with her grandfather for three years before he died in a car crash in 1993, an accident that also put her in hospital. Ernest died last year at the age of 97.

"From a very young age I wanted to be a part of the business. In what area I had no idea. I've talked to my brother about this and he didn't want anything to do with it. He thought he would go out and do something else, but obviously he found a place within the business that he loved."

As palates have become more sophisticated, the business has had to shake off its cheap and cheerful image as a matter of survival.

### High-end growth

About 18% of the family business is currently described as premium - selling for more than £7 in Britain or roughly \$15 in the US. The premium market, says Gina, is where the growth in the market is coming from. "The mid-90s was when we really moved into the upper tier. Then we were farming maybe 2,000 acres [800 hectares] in Sonoma [one of the prime wine-growing areas in the US] and today we're at 10,000 acres, all high-end wines. We really have evolved. What I find really interesting is that my grandfather Julio started investing in Sonoma in 1977."

She says the firm has 200 varieties in the ground, single grape wines such as chardonnay or sauvignon, that could potentially come to market. The family has also bought vineyards in Australia, elsewhere in the US and Europe, tending to keep the brand in place.

"Authenticity is huge. We have purchased some brands that make sense but even with those, it is keeping the family involved if they want to be, and keeping the history and heritage there as well. There has to be something that grounds the brand. You can't just come up with Snoopy Dog or whatever - I guess you could, but we see those brands as not sustainable."

The company still produces Thunderbird, for many years its top seller and the cause of many a teenage hangover - in the US it is now commonly associated with down-and-outs. "You know when it first came out, I mean it obviously took a world of its own, but I remember, at the house, having parties and making mix drinks, it was very popular, you know, and it went sideways, it went south."

At the mention of sideways, it is too tempting not to segue into the film that gave merlot a bad name and championed the cause of pinot noir. Gina offers some advice: "Merlot did go down, probably 2%-

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3%, but it is still the number-one red. What's interesting now is that if you can buy a merlot at a certain price, you know you are going to get an extraordinary merlot and in America right now you have got to be a little bit careful on pinot, because there are some producers not focused on the long-term and you might get some bad ones. It is almost time to really be introduced to merlot again."