

JERRY DOUGLAS
Biltmore Estate - Asheville, NC

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Interviewer: John T. Edge, Southern Foodways Alliance
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[Begin Jerry Douglas Interview]

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John T. Edge: Today is September 23, 2008. I'm at Biltmore Estate with Jerry Douglas. Jerry, if you would please state for me your birth date, full name, and job title here at Biltmore?

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Jerry Douglas: My birthday is September 30, 1951; I'm the senior vice president, and I'm responsible for the wine company, our for-your-home business, and marketing and sales for the Inn and for Biltmore House and Gardens.

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JE: One of the things I want to accomplish today is to talk about in essence the arc of the wine business in the State of North Carolina. I've heard many stories about the State of North Carolina wine pre-Prohibition. Some of it seems fiction to me; some of it is--is reality. Could you give me a brief primer in--in what the state was previous to Prohibition?

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JD: Well I think that there was--grapes have been abundant in North Carolina forever and so I think that there was a--a good use of fruit back pre-Prohibition and there was--you know back prior to the Civil War, actually North Carolina was the largest producer of wine in the country, and I guess grapes and wine; so that--that was you know an indication of the vibrancy of the industry at that time. The war of Northern aggression had great impact on it and then post that it became isolated; there were a few major growers and producers who were making more like bulk juice that they were using and sending around. The industry pre-Prohibition throughout the country and well in many places around the country was--was more of a bottling operation than--

than what you would consider today to be a vertically integrated production where you'd have grow-grapes and then you'd make wine and then you'd--you'd market that wine.

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JE: And what defined North Carolina wine at that point; was it one grape, one--I mean there was one operation that was--that was grand at that point too, right—the Medoc?

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JD: I don't know much about Medoc; I do know that, you know, native grapes were always important here--muscadine, you know the rotunda folio was always the cornerstone of growing grapes here I think. You know I'm more familiar with bottling operations, post-Prohibition, some of the, you know the operations around Greensboro that became Canandaigua, Tinner Brothers in South Carolina and people who were large processors of--of fruit.

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JE: And so let's talk about that. Prohibition comes and goes and there's a lag before North Carolina wine and grapes really take off again?

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JD: Well I think you know post-Prohibition you know wine just went in the doldrums, or during Prohibition wine went into the doldrums. You know no one was making--there weren't enough Catholic churches around to make sacramental wines, so it was a--it was bad you know--it was bad. And people, I guess, transferred fruit production to--to jellies and jams and some juice operations you know at that point. But a lot of the cultivated acreage just began to go away. There was some you know some small plots naturally occurring but I don't think there was much

cultivation because the economics of it didn't hold up to tobacco. And so people you know who were farming for cash were going for tobacco because that--that was where the cash was which always makes sense.

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The--the interesting part for me has always been what's happened around you know the '40s and '50s and--and where you had grapes being grown in Ohio, New York State, always grapes grown in California, grapes grown here in North Carolina and they were--they were shipped as bulk a lot of times; they were shipped as juice a lot of times and--and then they were shipped as wine to these bottling operations that would be incredibly diverse operations that have hundreds and hundreds of different labels that they'd run on the bottling line and they were making fortified wine or you know high--high proof wine if they could. And you know--and you know not--not really fine wine for dinner in most cases; it was you know it was wine--wine to get high I guess, and--.

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JE: And that's--that's when you know the kind of folk knowledge of that is the knowledge of something like Mad Dog 20/20; it's that sort of thing. I mean I don't mean to be disrespectful to the folk but--.

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JD: Well you know I mean wines then were white port, muscatel, those kinds of things that had just fanciful brand names that--that you know people would make up--make up a label and slap it on and--and put it out in a place where you know people could buy it for little money. And it became--you know and in North Carolina with spirits being as--as awkward as it is because the

State owns the stores, the distribution system is challenging. You don't have a lot and you know many counties that--that aren't wet you can't buy spirits, so you know wine was a--a relatively inexpensive high for--for folks who--who were inclined that way. So it--it became a good business in many ways; not all of it--that sounds like it was preying on unfortunate folks and that's not necessarily the case but it was a--it was--it was you know Saturday night. Let's go have some fun, kind of beverage, not mealtime you know--didn't have that culture of the--the--you know the Southern European culture that--that it brought you know great winemakers to--or traditions of great winemakers to places like California--you didn't have many of that or much of that here, no mass of that here in--in North Carolina. You had people who were in it to make money and trying to figure out a way to do that, so--.

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JE: So--so that idea, that practice entrenches in North Carolina in the years after Prohibition and--and when does it start to wane? When does that start to turn?

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JD: Well I guess you know it's funny; when we got in the wine business [*Laughs*] last--I first started working on doing market research for the construction of the winery and things--it was in 19--it was 1981--'82 and we were--I was doing research. And I found it was really interesting that North Carolina was--wasn't in the top ten per capita consumption categories in--in any--any category except dessert wines. And I was fairly youthful at the time and--and inexperienced and I got really excited about the connection between Biltmore and after dinner drinks and fine port and you know thinking of the big solera, and you know all these great things. And I dug a little deeper and found out that--that dessert wine category had Roma Rocket and Mad Dog 20/20 and

Thunderbird and that was what--that was what we were in--we were number six or seven in--in the country in per capita consumption of dessert wines and--and we were you know 25--35 for table wines or sparkling wines. So it was--it burst my bubble pretty fast when we started looking at okay; you know we were going to--we were trying to figure out what grapes we could grow still and trying to make that. And so I was really taking us down that you know okay well we can grow some tempranillo and things to--to make this great wonderful dessert wine.

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So anyway but all that being said, I think that--that we started with the resurgence I guess in the '70s and '80s of wine as a cocktail and shifting from you know martinis and--and drink into you know chardonnay or chablis I guess at that point became kind of the--the white wine drink of choice for--for folks and then moving into you know chardonnay and following that--that little path where--. And it was female focus in a lot of ways--were driving that increased per--you know per capita consumption wine across the country, almost like tennis at the time was--was popular. But you know it--that--I think that's--that's the big sea-change that we've seen and then people--the broadening of wine as a mealtime accompaniment is--is the huge change that I think we--we kind of nibble at the edge of or maybe we're at the edge of the table now but we're not quite in the center of it like we need to be.

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JE: If those are broad changes were there certain programmatic or institutional changes that the state of North Carolina made or that certain industry groups took?

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JD: Well at the time there--there were no industry groups and the State early--you know the State was not involved. I think we were able to get some assistance in starting the Grape Council in 1986 I think is the correct start date for that and we got a little bit of money. And Senator Hinson Barnes was instrumental in helping make that work. But you know when we bonded--when we bonded our winery we were number three in the State; there was Germantown and then there was Duplin were the first two. And Duplin was focused on muscadine as they--as they still are and have done a remarkable job. David Fussell, Sr. has--has been a kind of true visionary in--in the industry. And Germantown was--gosh there were a couple of doctors--or not--Professors at UNCG and I can't recall their names but they were kind of hobbyists who were growing grapes and--and started making wine. And--and we started as--it was intended to be business; I mean you know for us from the outset. I mean it--it was--we had a legacy of sustainability here; we were focused; we had the gas shortage in 1979 which was really a catalyst for a lot of what we did. We had been growing the naturally occurring grapes on the estate and then we started planting and messing around with some French American hybrids.

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But in 1979 we got really excited because Mr. Cecil--we had gas shortages that summer and we had a great year in 1978 and 1979. We had high prices for gas which then was [*Laughs*] I think maybe a dollar and a half which was exorbitant. But the problem was there was shortages and boy people were freaked out about not being able to get in their car and go anywhere. And so Mr. Cecil said gosh you know the tourist business had been the workhorse for us since 1970 or so--dairy prior to 1970 but the tourist business had been really important--the attraction for us from 1970 on and still is. But it was driving the profitability of the estate--the estate which allowed for the preservation which is our--our mission. And so Mr. Cecil felt really uncomfortable having somebody in the--in the Middle East being able to turn off the tap and--

and drive his business south. So he was looking for an alternative and--and became I'm going-- became fixated with--with wine as--as a solution and--and became very passionate about it--the agricultural heritage on the estate is--is you know--has been a tradition since Mr. Vanderbilt started so it was real important for--for Mr. Cecil to--to keep that connection going, you know. The tourists were great but you know it's an 8,000-acre working farm and he liked that idea.

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So--so you know he was really intent on making--making the business of--of wine here and you know at--at our peak of vineyard production we put in about a little over 200-acres of vinifera which we were really the first major vinifera grower on the East Coast, my gosh. I hate to compare it but--but since Jefferson really; I mean--

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JE: What year was that?

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JD: This--we--we started with vinifera in probably 1980 and we put in let's see--'80--'81; we had two or three seasons of the planting in anticipation of opening the winery for our first harvest in 1984, so we were three years ahead of that so that latest part of that was '81.

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JE: And--and you just made the kind of aside about Jefferson; is that something you've pondered before this idea of--?

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JD: Oh well I have--I mean in my mind it's been important because as we became--as it became--as we became successful we were able to cultivate Vinifera you know and I latched onto the idea, well Jefferson couldn't do it but we could, so it was kind of an ego-driven thing for Mr. Cecil to you know to have that comparison of the great thinker of the--you know the 19th Century or--so anyway. But so much of--of that is ego-driven and I'm guilty of perpetuating it, so--.

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JE: But--but in reality this idea, large scale planting of vinifera grapes with the idea of harvest and making wine was something that was dormant arguably between Jefferson times?

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JD: Yeah; to my knowledge yeah. I mean you know you had--on the East Coast at that time you had up in New York State you had big production around oh gosh, around you know in Canandaigua and they were growing--oh hell I can't--they were growing hybrids but they were also growing juice grapes and I can't remember the--.

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JE: Concord?

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JD: Concord; yeah a lot of concord up there--thank you. So they--they--you had--at that time you had Canandaigua that--that actually--the base of Canandaigua was a North Carolina company. I don't know whether you ever knew that. But you had Canandaigua, you had Taylor, you had you know a variety of investment up around the Finger Lakes that were outgrowths of

juice production with concord and were making wine and--and making you know some good products. Canandaigua had a--a plant in South Carolina, Tinner Brothers, and they were making Wild Irish Rose and some of those--those things down here; they had a bit plant operation in Richmond, so there was some--some production facilities. And they were--I mean they were factories; you know none of the artsy you know kind of you know gentleman farmer kind of thing that you had in--in some of the smaller places in California.

It was--I mean at that time it was--it was business, it was--it was production driven and--and it was you know you were making commodities and turning it into products and getting them on the grocery shelves and--and selling--selling them. So I--I--you know in North Carolina, in Georgia, Virginia you didn't have any major Vinifera. I went--the first time I went to an East Coast wine conference was in Pennsylvania in 1986 I guess and we probably had--there were probably--we were there, there were probably 250--300 wineries maybe there--people there, not--not wineries, and there was only one other vinifera wine there. Everybody was growing hybrids 'cause you could grow them on the East Coast. They were cold hardy and--and you know and that was great, but the problem was the market didn't want them. So you know no matter how good the wine was you had a hard time selling them. So we had--you know we made that transition you know really quickly out of hybrids into vinifera because that's what people thought of as fine wine and we we're going--we needed to make fine wine.

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JE: And that's a market driven--it's not a palate driven move; it's a market driven move--at least the way you're describing it now?

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JD: Yeah, in--in a way, you know Mr. Cecil never liked the wines that--that we made from French American hybrids so--so you could argue that it was palate driven but really it was an economic decision based on what we thought we could sell and so that would be more of a market acceptance approach. Within that there are--you know there is a taste profile that you have to try to work toward but--but again it--it was more an understanding that people would buy chardonnay faster than they would buy martraue foche.

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JE: And so this is the 1980s; where--where are you at the point where you're selling--making and selling varietal wines and starting to hit your stride? I mean what--what year is that?

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JD: Well we--we opened the winery for visitations in the spring--in the May of 1985. Now what you got to--I will digress a bit; one of the interesting things about growing vinifera here is -- Super Bowl weekend of 1985 we had crushed our first harvest in 1984; we had 200--250 acres of Vinifera growing on the west side of--of Biltmore Estate. Super Bowl weekend of 1985 it was 27-below with a wind chill factor of minus 70 for three days. We lost evergreens that Olmstead planted in the 1890s; I had a billboard out at the entrance that had--it was a metal billboard that had paint on it and the paint bond got so cold it just broke and the entire sheet of--of paint dropped off the billboard and we lost about 70-percent of our vineyards that year to winter kill.

So--so it created a fair amount of anxiety around our investment because we had a significant amount of--of money tied up both in the vineyards and in the--the new winery facility

that was opening for visitors that spring. So we were somewhat shocky by the time we opened. So we opened in that spring; the visitation to the winery was good. We were selling about a third of the amount of wine that we thought we were going to sell and--and we had a rather unique way of trying to make it simple for people to enjoy wine.

We--we started with you know the--the premise that wine in North Carolina wasn't a wine-growing area; most of our people were coming from the Southeast. It wasn't a traditional wine-growing area. We wanted them to try it; we wanted to make it easy for them, so we came upon this--this great idea and I'd like to take credit for it 'cause it's almost like new Coke but--but I won't. I can't remember who to attribute it to but we decided that chardonnay and cabernet sauvignon was too hard for people to pronounce. So we numbered the wines and all the even numbered wines were drier wines and all the odd numbered wines were sweeter wines and so you could come in and buy--you could taste wine and that's the way we've always felt and still do feel that tasting is the key to making sales. And so we would--you could come in and you would taste a dry wine and taste a sweeter wine and taste a wine with some color and then we could--we'd ask you which one did you like better? And they said oh well I like the first one. Okay; then we could--that was--that was a drier wine so you could show them two or three drier wines. They'd come out of the tasting room and say yeah I'd like a 10, 14, and 16 and we'd go scoop it up and--and put it to the register and it worked great.

And it worked great here on property where you had that direction connection between tasting and--and--and purchase and it was just much easier and people really liked it, because there's--it--it--it's--it's almost comical in some ways. And I don't mean this to be disparaging but

I'm from South Georgia originally and to hear somebody come up with a Geechee accent and ask for pinot noir or cabernet sauvignon you know is a--10 o'clock in the morning and try to taste that it's--you know my grandmother wasn't real appreciative of--of it.

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But--but anyway, so the numbers we thought would work. When we--when we took our wines out into the marketplace which was in '86 that didn't work very well. You know people didn't understand it; you didn't have somebody there to explain it to them, so we--we opted to shift to the more traditional chardonnay, cabernet, and--and we've been there ever since. And--and you know and it's worked well for us. And you know I think from--from '85, '86, '87 we started an aggressive program to--to compete.

We--we always felt, I always felt that you know we really weren't--it really wasn't about making North Carolina wine. It was about making Biltmore wine and that if we were going to be successful we had to be successful in the--the broad competition of wine, you know. We had to compete with French wines. We had to compete with California wines. We had to compete with you know any fine wine that was out there; that was who we were--needed to be compared to, that was who we were fighting for space on the shelf, that was who--who we were fighting for space in your mind and in your stomach. And so we--we played more on the Biltmore approach than--and trying to leverage Biltmore's brand rather than saying oh this is the best North Carolina wine or you should drink this wine 'cause it's from North Carolina. You know being from North Carolina doesn't make it special; it just makes it from North Carolina and it makes it different you know. The grapes you grow and you what you do with it is what makes it special and so you know it--it's--it was important for us to look at--you know find a place in the bigger world of wine and try to you know wedge our way into it.

So that's been our approach; we--you know through the--we've had good growth, I guess compound growth since we started has been in double--mostly double digits. I think a couple years we've been eight or nine-percent but it's been a good--a good business for us. And we've been you know--it's not an easy business; it's fairly competitive. I have friends in California who--when they grow grapes and complain about prices that Gallo would pay, they said oh we won't take that for these grapes. We worked too hard to make them; you know grow them in a year, the problem with the annual one-time harvest, so let's just make it into wine. And you know at least we've got some stability, shelf life for it but then you know the problems get really, really more complex after that point. And so I've watched some good friends who have made that choice and--and the competitiveness of the marketplace, the clunkiness of the distribution system or the narrowness of the distribution system has--is more expensive and--and more challenging than just growing grapes, so--.

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JE: Well let's talk about some of those broader issues. We've talked a good bit about Biltmore, but you have also served on a number of boards and functioned as an advocate for North Carolina wines and overcoming some issues of distribution and--and perception and the like. Is the primary service that you've offered the North Carolina Wine and Grape Council or are there others that we should think about?

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JD: Well in--within North Carolina it's been mostly the Grape Council has been the primary advocate. I've served on the board, still a board member and a past chairman of the--it's called

Wine America now. It's the Association of American Vintners which was the leading trade association for wines outside of California, you know and been on that board for over 20 years. So I'm involved with that and I'm a founding member of the Wine Market Council which is involved with creating the market for wine--for all wine and not just US wine or not just North Carolina wines. I've been involved in--in a variety of those types of associations. American Institute of Wine and Food; I was on that Board, you know just a variety of--of national and then state--state involvement in developing the industry.

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And you know it's--it's interesting; when we got in the wine business there were oh gosh 1,100 wineries in the US; now there are close to, gosh, 3,000--4,000 I guess. It's grown pretty dramatically. Wine is grown commercially in all 50 States. When we started there were two other wineries in North Carolina; there are 70 wineries now, so it--it's--it's been great to see that growth and--and be a part of--of watching people become engaged in it and--and try to develop their own little space around wine. It's--it's been interesting to see the--the change from hobbyist grape grower, winemaker, making a few hundred gallons of wine a year to we're kind of in this phase now where it seems like in North Carolina we've got maybe a little gentleman farmer kind of approach where folks are--have made money in another way and--and are using you know like the pastoral setting of vineyards and are connected to the land in some way and--and wine has a lot of romance to it and it's fun to--to see that. And you know you're mirroring things that happened in California in the '80s and '90s, so it's--it's developing that--in that way and I think we're in that phase where you've got a lot of investment coming from--from folks who made money in other places.

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I think the next phase is that pure commercial approach; you've got people who see it as a good business opportunity and want to invest in it and then when you invest you expect a return and so we're--we're at that point I think where there are enough of us or some of us who are being successful enough to--to drive that and to be a--you know people to see the potential of okay yeah I can--I can make money here and this is a good--you know good business to be in and we can build for the future that way. And I think we're just kind of crossing into that territory now and you know if you go back again and mirror the history of California you've seen big you know manufacturing investment back in you know pre-Prohibition and then the evolution of--of California as you know great bulk wine producer and grape grower to the development of California as fine wine which you know really is in--you know in my memory you know in--in you know and I graduated from college in 1973. And--and if you went to New York in 19--in 1970--'71 and went to the best restaurant and asked for the wine list you wouldn't see any California wines on there. It was all French wines if you were you know looking for a fine wine at that particular point in time. But you know so the development of--of California being perceived as fine wine is you know is--is relatively late-occurring and--and so you know that's the beauty of emerging markets--emerging production areas like North Carolina.

Who's to say that a wine from Biltmore, you know 15--20 years from now, won't be setting the standard for something as--like fine wine? So it's--it's--we--you know we're in this evolutionary cycle and I think Mr. Cecil, when I used to get frustrated about numbers back early on when we were--when we were challenged and scrapping to pay the bank back, he used to say, you know this is a business for my grandkids. It's--it's a business to--it takes a generation to decide what you can grow; it makes a--it takes a generation to decide what you can do with what

you can grow and then it takes a generation kind of reap the benefits. So he--he--he always has taken the long view, which is I think why entrepreneurships and--and private ownership is the kind of investment that works really well for wine because you really have to be forward-looking rather than gee what are the earnings next quarter?

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JE: And when you speak of that--that kind of searching for the right wine that seems to be a theme that occurs in talking with everyone I've spoken with about wine, this idea that--that in North Carolina specifically here in Asheville or in the Yadkin Valley there's this--there's this--there's this acknowledged--what's the right grape to be growing in our area? And you know a couple seems to be emerging perhaps?

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JD: Well I think you know we're seeing cabernet franc is--is something that--that has great potential to--for us to own, much like California owns chardonnay in a lot of ways, or Oregon owns pinot noir, theoretically. Washington State owned riesling for a long time; and so you know I think right now we find that chardonnay works well for us and cabernet franc is a red--has some potential for us. Now what--what's interesting about wine though and--and John as someone who enjoys wine, I think what's fascinating is you know cabernet sauvignon or chardonnay or cabernet franc is a grape variety that could be unique to us--is really only a small part of it because what the--the key is what happens when you grow it and what--what's--the French have that wonderful word *terroir* but and California has the ability to recreate terroir by managing water in a very judicious way but--but what--what's fun is you know the recognition that even now you know if you take cabernet sauvignon from the valley floor in Napa, cabernet

sauvignon from the mountains in Napa, you take cabernet sauvignon from the Central Valley, you take Cabernet Sauvignon from Lodi, you harvest them in exactly the same chemical, the--the same time you know the right sugars, the acid is--you know exactly--everything exactly the same, you process them in exactly the same way, age them in exactly the same way and then you taste them you can tell the difference between those wines and--and that's what the French mean by terroir.

So--so for comparative purposes you can't really say that California wine or Napa wine is better than North Carolina wine or Yadkin Valley wine is better than a--a mountain wine or a mountain wine is better than a--than a Yadkin Valley wine. They're each unique to their place and they're special and you have to have experience with those wines and an understanding of those wines and how--where they come from to really determine whether it's of good quality or not. You can determine on a service level whether it's pleasing to you, but you can't compare one to the other because they'll never be the same.

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And so you know what we have to do in North Carolina is to set the standard for what cabernet franc grown in North Carolina means and if it means what pinot noir grown in--in Burgundy means, if it means what chardonnay grown in Carneros means then--then we begin to see broader acceptance and standing and really something--the specialness and I don't even know that that's a word but the specialness of what happens here in North Carolina. And I think that's what we're all searching for and I think that's what--that's the long-term impact that we'll see you know over the next 50 years is finding what those things are and then having people have experience with our wines.

And I can't tell you the number of times people come up to me and say oh man these wines are so much--Biltmore wines are so much better today than they were 20 years ago. And--and I kind of laugh because you know no kidding; they really are. And--and--and part of it's just because we made some bad wines early on but part of it's also you know it's evolutionary and you--you learn what you can do and you figure out you know what the--the--growing cabernet or cabernet franc here you know if we can get to 21—22 brix -- that's really special. You know you can get to 25—26 brix in California just because it's dry and it's sunny and--and all those kinds of things. So learning how to--to take what--what you can grow and--and--and manage that in a way that allows the grape to come through--not interfere with it, and not try to do too much with it, creates wines that are more delicate, a little bit more finesse, a little bit more French style than California style and I think that there's a place for that in the American palate and I think that--that we'll be able to be successful you know establishing that--that market for us.

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But again the comparative nature of--of place-to-place is almost irrelevant and people who really know wine understand that. Unfortunately too many of us are--are driven by a model that we think is--is correct but it's really only correct for--for Bordeaux or for Napa or for Sonoma; I mean it's--it's different in each place and you really--we tend to only be on the surface level when we understand that and that's okay. I mean I think part of the problem with wine consumers is that we expect that--that you have to have a deeper understanding to really enjoy and--and I think that's a--you know that's holding us back but that's another issue.

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JE: Two more things I want to get at before we close and--and those are you've been talking about the practicalities of winemaking and I'm wondering about two other things about

perception in the marketplace and--and how you deal with that and then just the--the distribution itself and the difficulties there. But talk about the--you know how you address the perception in the marketplace that you know a North Carolina wine you know--my idea of it, me the general consumer, it's fixed to the idea of you know some time passed, not in the present?

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JD: Well I think you know sampling wine is--is really one of those interesting things that people really tell you what they think for some unknown reason you know. You--you walk through the grocery store and you sample a little cheese or something and you go oh well that's nice. I actually had someone say God you guys ought to take the person who made this and shoot him; this is just awful. Anyway don't--you know you get this visceral reaction from folks which I--again don't understand, you know.

My mother taught me if you couldn't say anything nice then don't say anything at all. But anyway you know I think the perception you know that--that we first saw and--and still to this day I think a lot of people see is surprise that oh--oh okay, well that's not awful you know. I mean the people--they have kind of a low threshold in many ways and once they realize that it tastes similar to what they're used to tasting perhaps then it could be okay. And so that--that's the first hurdle that you have to--you have to get through. And then it becomes you know a situation of--of really trying for people to be open and accepting of--of their own tastes and whether they like it and--and unfortunately with wine people look for third-party endorsement or people who--to give them confidence that yeah; oh it's okay for you to drink that wine and--and that's a little squirrely. I've always struggled with that but that's--but that's the--the nature of the beast.

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So you know what we do is we try to make wines that--that are easy for people to like and put them in front of them and then let them taste them and--and react to them. And you know tasting wine is--is the key and we, you know we've donated wine, any time you get four or five guys on the street corner we'll be there tasting wine and--and letting them choose. And then--and then after that people who like them, like the taste will maybe put it on that list for them. And so you know when you're out in a restaurant or you're in a store and you see it, oh yeah; well I had that. It's okay and I can--you know I'll try that again or I'll offer that to my guests again. So that's--that's been the big part of it is just getting people to try it and then let the wines stand on their own.

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JE: And then let's talk about distribution and those issues. A winery making wine in North Carolina trying to get its product across the country and then y'all as proxy for the whole of the industry; I'm interested in that as well.

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JD: Well I think there are a couple things; one--one is if you choose to compete and--and compete wherever wines are sold whether that's Costco or Sam's Club or you know white tablecloth restaurant you really have to recognize that there are very strict and very deliberate rules that you have to follow in order to do that and--and that means that you would--in--in practical terms that you'll have to hire a--or sell your wines to a wholesaler who in turn will be in a market say Charlotte or Atlanta, let's say Atlanta--Atlanta and--and then they in turn will sell it to retailers who in turn will sell it to your consumers.

So it's the classic three-tiered distribution system and up until a few years ago there was really literally no alternative. And so if you were a small producer it's a challenge to find that wholesaler 'cause they're going to have generally a--a good full-service wholesaler in a market like Atlanta; there are six or eight big ones--well there are three big ones; there's six or eight additional mid-sized and then there may be eight or nine smaller ones calling on probably 10,000 or 11,000 retail accounts in that market. So it's--it's a struggle; the big ones will have 5,000 or 6,000 different wines that they'll sell all across the board from California, France, Italy, Germany--anywhere that's making wine. They'll have wines from that--those regions; they'll have wines from--from Gallo or jug wines to you know first growth Bordeaux and--and everything in between. And so understanding who they are and how to work with them is--is key.

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The first mistake I made in that--in that situation was selling wine to a wholesaler and then assuming that he would sell it to his customers rather than letting it sit in his warehouse. And--and you know quickly we--we determined that if we were going to be successful we'd have to go down a step and try to help them sell it because sheer mind--they've just got so much on their plate that it's hard to get their attention. And so--so we spent a lot of time both working with wholesale salespeople and then also working with retailers to make sure that--that we can get wine in front of consumers. So you've got two big hurdles to you know--to jump in order to get your wine in front of your customer and we--you know the cornerstone of our whole program here is being able to expose people to our wines here on Biltmore Estate and then having them available to them once they get back home. And you know it's not rocket science; it's pretty straightforward but there are some pretty big barriers that you have to work through in order to--

to get it on the shelf, so when they're buying wine in Kroger in Atlanta or Harris Teeter in Charlotte that they can see that wine and it's right there with the other--with the other wines. So that's--that's a challenge.

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Now recently the last four or five years there's been some interest in direct shipping in both the national trade association I've worked on; we've been involved in trying to simplify rules for--for the states and--and remove some of the barriers to--to the narrowness of the distribution system. I think you know if--if there were no state or federal mandates that we sold through distributors I would sell through distributors anyway because that's the best way to get wine to market in a big way and we want to sell a lot of wine. But not everybody wants that and gee, I think as a--you know I believe in free markets and I believe that you should be able if you've got a customer somewhere you should be able to get wine to them as--as quickly and easily and as painlessly as you possibly can.

And you know for us I--I used to take all the calls from somebody who had been here you know from Ohio or Michigan or Indiana or Texas and--bought a case of wine and went home and drank it all and like it and wanted to buy another case for Christmas and I'd--here's my American Express card; send it to me. I said sir, I'm sorry; I can't do that. What do you mean you can't do that? You know and they'd argue with me and I'd you know--you know one of the things that I'm charged with is not breaking any law that I know and [*Laughs*]--and so I try really hard not to do that. And--and it was very frustrating for folks who wanted to buy our wine--frustrating for me for people who wanted to buy our wine and then I couldn't sell it to them.

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I actually had a guy one time from--I think he was from Texas but he was flying to--flying somewhere and he was laying over in Nashville and we had a retailer in Nashville and I actually arranged for him to buy wine from this retailer, rent a car at--at the National Airport during his layover, go pick up the wine and then take it back home. So I mean you jump through all sorts of hoops trying to get wine to them, but it's--it's easing up and people are recognizing that--that alcohol is not all evil and that it's people who cause the problems--not--not the--not the product itself. And--and so I think it's going to be better in the future. But it's still--it's still a complicated issue and it's still something that you've got to--you've got to be serious about if you're going to sell wine. You've got to recognize the challenge and--and you know just put a good plan together and try to you know execute the plan, so--.

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JE: Acknowledging--the last question--acknowledging that--that the State of North Carolina wines and the Estate of Biltmore wines is in evolution as we speak, what's the most recent development in--in whether it's marketing, whether it's you know a restaurant taking on your wines and becoming a showcase for it; what's the most recent thing that is of importance to you that's occurred within the last you know six months--a year?

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JD: One of the things for Biltmore specifically that's been really exciting; we--we introduced our wines into Ohio a year and a half ago and--and they have been remarkably successful there. I've--I've been amazed; we--we--so for me it was the idea that we could sell a fair amount of wine that far away from us because we've been selling in the Southeast for 20 years but this was our first foray into you know north of the Mason Dixon and Ohio is a good market for us for

visitation. So we had some awareness, but the acceptance of the wine has been--has been great and--and so we've been real excited by that and we're actually--have some distribution expansion programs in place over the next couple of years to--you know we're trying to take it nationally. So that's been exciting for us.

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I think in the industry you know outside of the growth of the wineries which is fun to see and part of what we're trying to do there is to drive visitation to the wineries so that people can know them on a personal level rather than you know--rather than trying to spend all of our time at--at restaurants or at retail. Much better for you to have a personal relationship with somebody who grew the grapes or made the wine, taste it, and understand the--the special(ness) of those wines in its unique--you know in its place and that's a great way to build customers. So--so driving visitation to the wineries, we're spending a fair amount of money doing that we've been able to raise through the state legislature and I--I think that's a good program and I think that's helping fuel the growth.

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I guess on a--on a--on another level I think that it's interesting to me and--and we don't--we're not--we don't make this wine but it's been fun to watch the success of Duplin over the last three or four years--maybe five years because they--they've been in it a long time and they've at times you know kind of been up and down or struggled a little bit and I don't--I don't think David would mind me saying that--struggled a little bit with it but boy, the last four or five years there's been great acceptance in muscadine. And you know muscadine is--is unique; it's--it's very non-traditional in the--in the grand scheme of wines but it's very special for the South. And so to see that--that acceptance and their customer grow--the customers grow has been great. And you see there's several other folks that are producing muscadine and--and doing really well, so I--you

know I'm excited by that because that--that's been you know part of the struggle of talking about North Carolina wine.

You've got people making great sparkling wine or chardonnay or cabernet or cabernet franc and then you've got muscadine--you know which work well with dinner and fine wine and you're trying to sell them like you know California like Napa wines and then you've got muscadine which--which had a different taste profile, usually a little sweeter, harder to pick the right occurrence for it you know. You might not serve scuppernong with--with you know a great piece of meat but you might and--and you know and--and so it was a struggle. And now to see it find a level and grow and everything it's been--yeah; it's been fun to see.

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JE: What's catalyzed that? Because those seem diversionary tracks --the acceptance of vinifera grapes and wines made from vinifera grapes. And then scuppernong and muscadine almost running on a parallel track, or a diversionary track.

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JD: Yeah; I'm not sure--again we're not in that--in that business--that segment of the business so I don't follow it as closely as I do ours or--or vinifera for sure, but I--you know I think they just found a right balance of--of pricing and product and flavor profile of customers who--who like it and that's the ultimate thing. I mean the test is do people you know pay money for it, drink it, and like it and come back and do it again and--and clearly folks are doing that. Now whether they're--they're you know drinking it as an aperitif or as a dessert wine or just as something

refreshing while they're sitting out on the back deck, I--I don't know but--but it's working and you know that--that segment is growing. And so that's fun; that's fun to see.

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JE: Thank you Jerry.

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[End Jerry Douglas Interview]