

Student Research

Case Studies in Agribusiness

California Polytechnic State University San Luis Obispo Year 2016

Tolosa Vineyards

Adam Cox* Thomas Niland†
Jonny Pottorff‡ Morgan Brahms**

*Agribusiness, Cal Poly, San Luis Obispo

†Agribusiness, Cal Poly, San Luis Obispo

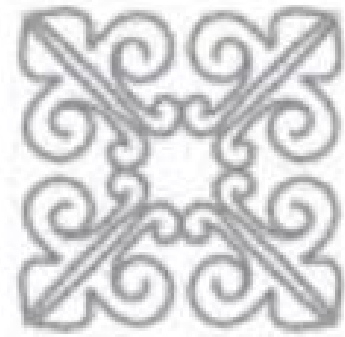
‡Agribusiness, Cal Poly, San Luis Obispo

**Agribusiness, Cal Poly, San Luis Obispo

This paper is posted at DigitalCommons@CalPoly.

https://digitalcommons.calpoly.edu/agb_cs/21

Adam Cox
Thomas Niland
Jonny Pottorff
Morgan Brahms
AGB 462
Dr. Howard Senior Project



Tolosa Vineyards

Tolosa is an upstanding winery in the Edna Valley that has recently decided to rebrand and remodel the Tolosa name. The small case operation focuses on Pinot Noir and Chardonnay. In 2015, one of the three founders, Robin Baggett, transitioned to lead owner of Tolosa and with him, brought a new vision for the winery. The focus shifts to a whole new business model with an emphasis on elevated wines and hospitality. The rebranding that is taking place now is to convey the message that Tolosa is starting fresh with a new direction under Robin's reins.

Industry Overview

First, let's take a look at the United States winery industry in comparison to global industries. Imported wines (mostly from France, Italy, and Australia) hold about a third of the U.S. market. The U.S. wine industry exports, on the other hand, only account for about 10% of the U.S. production. Therefore, we can assume that the vast majority of the wine produced in the United States is distributed and sold within the United States. Furthermore, despite popular belief, the United States represents the world's largest wine consuming country by volume. Many believe countries like Italy and France, regions known for their consumption of wine, would be at the top

of this list. However, the consumption rates in these mature European countries seem to be either flat or declining (Exhibit 1).

Along with the rapid growth of the e-commerce and direct to consumer sales sectors, we can base the concept of growing U.S. wine consumption on two different generations: the baby boomers and the millennials. The baby boomer generation helped expand the United States' wine industry in the 1970s and early 1980s, and they continue to form the largest demographic for wine consumers. According to Hoovers, people born between 1946 and 1964 make up for about 40% of wine drinkers, and consume just over 35% of total US wine volume. The millennial generation is the second largest demographic, making up about 30% of wine drinkers in the US. Furthermore, these two generations are quite unique in their wine consumption habits. The baby boomers tend to buy premium wines, purchasing nearly half of all bottles priced over \$30 in the US. This is mainly due to their high spending power and disposable income levels. On the other hand, millennials tend to buy mostly lower-priced wines. However, what they lack in spending power they make up for in volume. Millennials account for nearly 35% of US wine consumption by volume, a slightly smaller share than the baby boomers.

As more of the millennial generation reaches the legal drinking age, it is safe to assume that the amount consumed by millennials will eventually surpass that of the baby boomers. In order to keep millennials drinkers from switching to different, more exciting options, the wine industry must find new and innovative ways to market their products. Millennials love social media advertising and feel-good stories, both of which various industries have already utilized. They seem to care less about quality and more about public perception of the product. Nonetheless, it will be interesting to see if these values hold throughout the maturation of the millennial generation. Will the millennials follow in the footsteps of the baby boomers and increase the amount of money they spend on wine in correlation to the increase in their spending power? Or

will they continue to value the story behind a certain wine over the quality-assuming price? Only time will tell, however as of now the global wine industry as a whole is seeing moderate-to-high growth, and the California wineries seem to be on the higher growth portion of that scale.

The Edna Valley is home to about 30 wineries, each attempting to find their niche market while still emphasizing the quality of Edna Valley wines as a whole. This area, located 5 miles away from the Pacific Ocean, is one of California's coolest winegrowing regions. Its unique northwest to southwest orientation creates a direct path for cool marine air to filter into the valley. Along with its volcanic and calcareous soil, the Edna Valley hosts some of the most ideal conditions for the growth of Burgundian varietal grapes. The focus for the majority of wineries in the Edna Valley is their Pinot Noir and Chardonnay wines, however this was not always the case. In order to understand how the Edna Valley became a hub for two of the most popular wine varieties in the world, one must first look at the history of the area.

Wine production in the San Luis Obispo county started in the 18th century at Mission San Luis Obispo. Father Junipero Serra, the founder of the Mission, and his padres began to grow grapes for the purpose of creating their own sacramental wines. A century later, the first commercial wines, primarily Zinfandel, were produced from grapes grown at Rancho Saucelito in the upper Arroyo Grande Valley. The modern day wine industry in San Luis Obispo didn't begin until the 1970s. Three farming families had the incredible foresight to plant Burgundian varietal grapes in their vineyards, and the local industry never looked back. The Goss family focused their planting strategy on Chardonnay grapes at the Chamisal vineyards (evidently one of Tolosa's self-proclaimed competitors, which will be discussed further later on). The Niven family planted Chardonnay, Pinot Noir, and other varietals at Paragon Vineyards, and the Macgregor vineyard (which is Wolff vineyards today) followed in Niven's footsteps. The success of these early plantings ignited the county's reputation as a world-class region for the production

of Burgundian varietals, leading many of the wineries to rely heavily on and try to perfect their respective Chardonnay and Pinot Noir production processes.

Today, the wines from San Luis Obispo have grown in both reputation and production. However, especially in the Edna Valley, wineries were able to retain their intimate nature and small-town, local feel. As stated earlier, the majority of these wineries tend to focus less on producing mass quantities to sell to distributors. Instead, a lot of wineries in the area, including Tolosa, have switched their focus to finding their own loyal niche market. The focus of these wineries is the quality of the wine, not the quantity sold. For this reason, the Edna Valley has been able to retain their reputation of quality for 50 years.

The San Luis Obispo wine industry has seen an abundance of growth in the past ten years. The average price per ton of wine grapes has seen an increase of about 15% from 2011 to 2015 (Exhibit 2), and the total harvested acreage has seen an increase of about 14% in the same time period (Exhibit 3). However, in recent years grape growers have gone through their fair share of hardships with the drought. Changing weather patterns, specifically unusually cool spring temperatures and strong winds, caused wine grape blossom to shatter before the fruit was set on vines in many areas. This concept can be best illustrated through the table in Exhibit 4. 2015 wine grape yields saw a 31% drop compared to the 2014 yields. Further impacting this drop was the accumulation of salts in the soil, an effect of the well below normal seasonal rainfall (Exhibit 5). This depletion of rainfall halted the process of salts being leached from the root zone of the plants, resulting in increased stress to the vines and reduced production. Despite prices remaining at a favorable level for wine grapes, the value of this product saw a decrease of 28% compared to 2014 (Exhibit 4). This has allowed the strawberry industry, which has benefitted greatly from the dryer weather conditions, to become the top valued crop for 2015 (Exhibit 6). Regardless of these downfalls, the wine grape production in San Luis Obispo

county still accounts for about 20% of farm production value within the region. This concept is best illustrated by Exhibit 7, where we can see in certain years (e.g. 2001 and 2005) wine grapes accounted for about 80% of the total value of fruit production in San Luis Obispo.

Though these wine grape farmers have seen a negative impact on the value of their crop, they still remain a huge part of the agricultural economy of San Luis Obispo (Exhibit 6). We can attest this partly to the increase in wine-based tourism to the area. The total visitors to San Luis Obispo county wineries saw a 20% increase in 2015, from an estimated 1.31 million visits in 2014 to 1.56 million in 2015 (Exhibit 8). This increase in tourism has generated a 24% increase in direct output from tourist related industries (Exhibit 8), the largest contributing sector of this output being hotel accommodations (Exhibit 9). As we can see, the wine industry is bringing tourists into the San Luis Obispo region which results in higher revenues for the entire county.

History of Tolosa

San Luis Obispo was largely known for cattle ranches in the 1980s. Robin Baggett, who grew up in a family that raised cattle, decided to buy five historic family ranches in the Edna Valley. However, Robin found out running cattle was not the most efficient use of the land he had just purchased. In the 18th century, friars at Mission San Luis Obispo de Tolosa planted wine grapes that produced some of California's first wines. Knowing these wines were held at such high value, Robin decided to carry on this tradition and use his land to grow grapes for wine. Robin Baggett partnered up with Bob Schiebelhut and Jim Efird in 1988 to start the process of planting vineyards and thus, Tolosa was founded.

As a whole, Tolosa encompasses three businesses: the Edna Ranch vineyards, Phase 2 Cellars, and Tolosa Winery. The estate vineyards are comprised of 728 acres spread among the five estates that Robin originally purchased, collectively known as the Edna Ranch. Tolosa

uses only 10% of the grapes grown and the remaining balance is sold to other wine producers on contract. Vineyards were planted on the Edna Ranch from 1988 to the mid 1990s. The second business that Tolosa operates is a custom crush facility, referred to as Phase 2 Cellars. A custom crush facility includes a space large enough to house winemaking equipment and offers services to other winemakers. The Edna Ranch Vineyards produced a large harvest in 1998 and Robin and Bob could not find a facility large enough and on such short notice to crush their own grapes. This demand for a facility gave these two entrepreneurs the idea of building their own crush facility. So in 1998, Phase 2 Cellars was founded. Tolosa's custom crush facility is rather large, however, Tolosa is only using 15% of the facility's space. In 2004, the last business under the Tolosa label opened: the tasting room. Tolosa may look like one of the larger wineries in the Edna Valley, however they are only producing 7,000 cases annually for the tasting room and wine club members. An additional 10,000 cases are produced annual for retailers and restaurants.

The Founders

Robin Baggett

Robin has been in San Luis Obispo for 40 years and has strong ties to the local community and to Cal Poly. He is a Cal Poly alumni with a law degree and contributed a large donation to build the Cal Poly baseball stadium, which is named after him. Robin followed in his grandfather's footsteps and also has a working cattle ranch in San Luis Obispo. On top of opening the tasting room at Tolosa in 2004, Robin and his wife, Michelle, moved to Napa with dreams of opening up another winery. The winery opened two years later and is called Alpha Omega. Robin recently transitioned as lead owner at Tolosa.

Bob Shiebelhut

Bob had a dream to open his own vineyard and winery in San Luis Obispo and this dream came true when he partnered with Robin in 1988. Bob was trained by Romeo Zuech, who is the winemaker of Piedra Creek. Using the knowledge he learned from Romeo, Bob produced the first two Tolosa vintages in 1998 and 1999. Bob is still at Tolosa and manages the business side of Phase 2 Cellars.

Jim Efird

Jim is a third generation grape farmer who planted the majority of the vineyards in the area over the last 40 years. This was unique, because a large amount of farmers were growing garbanzo beans during this time. Jim was very active in Tolosa, but retired in August of 2015.

Profile of the Edna Valley

There are almost thirty wineries located in the Edna Valley. This makes for a low concentrated market, where one could assume a large amount of competition. However, in reality, Tolosa is more concerned with raising the profile of the Edna Valley as a whole, rather than edging out “competitors.” There is a large amount of differentiation amongst each individual winery that they are able to exist in the same region without much competition. In fact, the only real competition Tolosa said that it faces is from Chamisal. Chamisal is a winery that is located only a few miles away that also specializes in Pinot Noir and Chardonnay. Although, under the direction of Chamisal’s parent company, the winery will begin to focus solely on Chardonnay’s, while their out of area counterparts will focus on Pinot Noir. This shift means that the biggest competition comes from distribution and the fight to get the Tolosa Chardonnay into specific restaurants.

Climate in the Edna Valley

The Edna Valley is the coolest appellation for grape growing in California. Tolosa is nestled in the transverse valleys only 5 miles from the Pacific Ocean, which experience warm days rarely exceeding 80 degrees and coupled with fog which cools down the vines. The climate provides a long growing season for the grapes. The Edna Valley specializes in growing cool climate Pinot Noir and Chardonnay grapes. These two varietals contribute to 80% of what Tolosa grows on its estates.

Rebranding

Before the decision to rebrand and expand the tasting room, Tolosa was known for its two labels: the Heritage series (Exhibit 10), which is sold via distributors to restaurants and retailers (mainly in California), but not sold in the tasting room. Next, the Reserve 1772 series (Exhibit 11) are the wines one would see as a wine club member, or within the tasting room. After rebranding, Tolosa will two additional labels: The Single Vineyard series (Exhibit 12), which consists of Pinot Noirs and Chardonnays. The winery will also have a label of Primera Pinot Noirs (Exhibit 13), their flagship wine. Harvesting these wines started in 2015 and were sold in three packs as futures. Both labels are now available through the Primera Tolosa club membership and include 27 bottles. The Primera Tolosa club membership is separate from the 1772 membership and is more in-line with the vision that Robin has for the winery, which is, high quality, specialized wines that people can appreciate. When we asked about the reasoning behind selling the wines in 3 packs, June humorously responding “because we could,” but also explained that it would allow customers to have an excess supply which could be aged as a collector’s item. In addition to the two new labels, renovation and landscaping projects have

been a big part of the new vision of Tolosa. A remodeled and revamped 'Heritage Room' will be available for wine club members to come taste wine over the weekend. Also, members will be able to attend select barrel tastings. In the warehouse, a new wall has been put up that allows for a temperature controlled tasting room and barrel room. The back administrative offices will be converted into private tasting rooms. Lastly, the new landscaping project will include the removal of the grass to maintain a more drought tolerant and ecofriendly patio, which will also seat more people. The removal of the water fountain and addition of wind sculptures to compliment the strong natural wind flow of the Edna Valley.

Total Cost of the Project

Of course, there are costs associated with rebranding and remodeling. As this project is currently in action, the total costs are not yet known. However, June, has estimated that the project will cost approximately three million dollars. Half of the cost went to the rebranding, which was used to hire a marketing consultant for the new label, as well as transitioning to new upscale bottles for the wine. The other half of the costs will be put to use throughout the remodeling project.

Shift From Distribution to Hospitality

Bigger wineries focus heavily on their distribution model, but as we said before, Tolosa in focused on a quality over quantity model. Their business model emphasizes hospitality, the brand and the experience. Robin's vision is to promote the Edna Valley as the prime region to enjoy a glass (or bottle) of Pinot Noir. Tolosa truly wants a visit to their winery to be an

educational experience. Behind the new Single Vineyard label the Tolosa team believes they can accomplish just that. The winery is not trying to emulate Napa wineries, but they are trying to tap into the market of those kinds of customers. The high end collector who can appreciate quality wines and show patience while the wines age. Fortunately, Tolosa's sister winery, Alpha Omega, has a great reputation and the type of customer's Tolosa is looking for. This is a huge advantage for Tolosa, as they are able to advertise their new label at Alpha Omega and reach their wine club members directly via email.

The Future of the New Labels

To promote their business model, Tolosa is very specific about how they distribute their wine. The distribution team has California covered from top to bottom. Outside of California, however, Tolosa has a national sales rep based out of Texas, who currently coordinates distribution to approximately fifteen different states. In total, they distribute about 15,000 bottles nationally. The majority of sales comes from the heritage label, while the 1772 label is distributed mostly to upscale restaurants. In the future, the new Primera label may be seen in high end restaurants in major metropolitan areas (Dallas, New York, Houston, and Los Angeles). It is anticipated that the Single Vineyard label will never see the market. It will forever and always be sold in the tasting room and through wine club memberships.

Alternatives

The stem of Tolosa's rebranding originated from the way that Napa Valley wineries became so successful. Tolosa is not trying to copy the Napa Valley style with the renovations and rebranding, as they are very proud of their heritage in the Edna Valley. What Tolosa is trying to achieve is to sell the best Pinot Noirs, and tap into those

customers that are willing to pay a premium for premium wines. They have accomplished this in the past by following what they call a “Winery-Direct” model. This method involves selling directly to retailers and restaurants from the winery, which allows them to eliminate the need to deal with distributors. Now, Tolosa is pushing more for a “Direct-to-Consumer” approach where customers buy the wine directly from the tasting room and winery. As sales manager, Darren Borley runs a team of sales associates who work with consumers themselves in order to cut out the middle man. Wine club members from both Tolosa and her sister winery, Alpha Omega, receive emails from sales members. These emails contain notifications for new wines that have been released and even selling limited release futures wine. For each step that can be skipped in the product to consumer journey, higher margins are possible. This is the reason Tolosa’s main goal is to expand their wine club enrollment, as selling directly in the tasting room is the best way to maximize profits. Unlike most wineries around, Tolosa does not care about the amount of cases they produce. Quality is the top priority, and is how margins are kept so high. By eliminating the lowest quality wine from their tasting room, profits increased even though total attendance went down. June McIvor, Tolosa General Manager, believes that Tolosa would like to stay a boutique winery. Robin Baggett tells the sales team not to worry about selling massive quantities, but not to worry about a supply shortage; the winemaking team will be able to keep up with the demand.

After the multimillion dollar project has been completed, revenues are expected to go up. Had the renovations in their Heritage Lounge and outdoor landscaping not

been done, June McIvor stated that she believes they “would be still plugging along just fine.” She thinks that if they had not gone through with the rebranding they would have needed focus on expanding sales to restaurants and retail. Half of their revenue comes from retail and direct consumer relations. According to June, the Winery Direct model has always been their main form of income, but in the past year Direct-to-Consumer has already edged out the Winery Direct model. Ultimately without doing any renovations or rebranding Tolosa would be around, but they would be seeing much more competition from other wineries in the Edna Valley. They have differentiated themselves by creating an exclusive room for wine club members to enjoy the best Pinot Noirs and Chardonnay in the region. The atmosphere needed to convey that Tolosa does not sell average weekday wine.

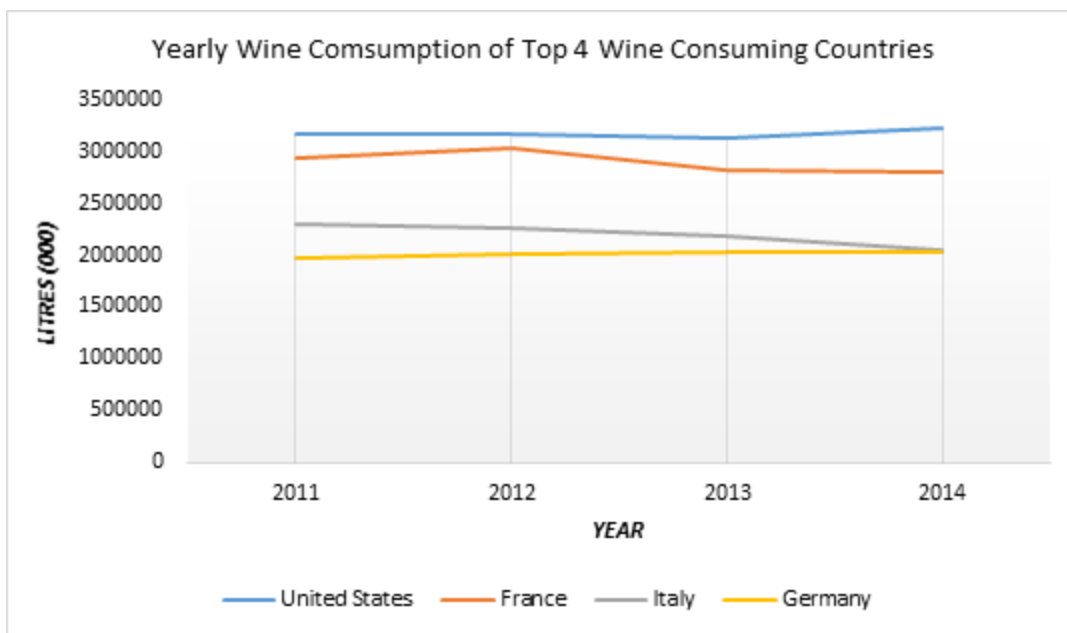
The senior members of Tolosa joined together to have a meeting on what they needed to do. There was not much debate on their decision, but the question was on how to do it. The Edna Valley is a special place, and the value of its location was important to promote for people to appreciate the quality wines of the region. Though not an original idea, it was decided that the history of Tolosa needed to be conveyed to its consumers. People love buying products when they know where they came from, especially if there is a cool story behind it. Also, it was agreed upon that they needed to revamp their look. Robin is very big on water conservation, and decided that watering a grassy lawn was not good for their appearance. June states how their outdoor area would “basically become a county park” with all the kids and dogs running around. They turned to a marketing consultant that designed the first Tolosa labels. Apart from just

creating a quality wine, it is imperative to give the customers an enjoyable atmosphere to do so. Instead of just choosing one way to expand with an outdoor area and in order to cut down on noisy distractions, a separate indoor tasting room was also constructed. Wind sculptures are being added to the outdoor area as well, and seating will be doubled to accommodate 200 guests.

Tolosa decided against alternatives with their all-around winery remodel. Not only are they making changes to the tasting room and landscaping, but also to their sales design. Instead of perusing retailers and restaurants like they have in the past, Tolosa is redirecting their attention on selling directly to walk-in consumers and wine club members. Even their label changed to reestablish Tolosa winery into a low quantity, high quality winery.

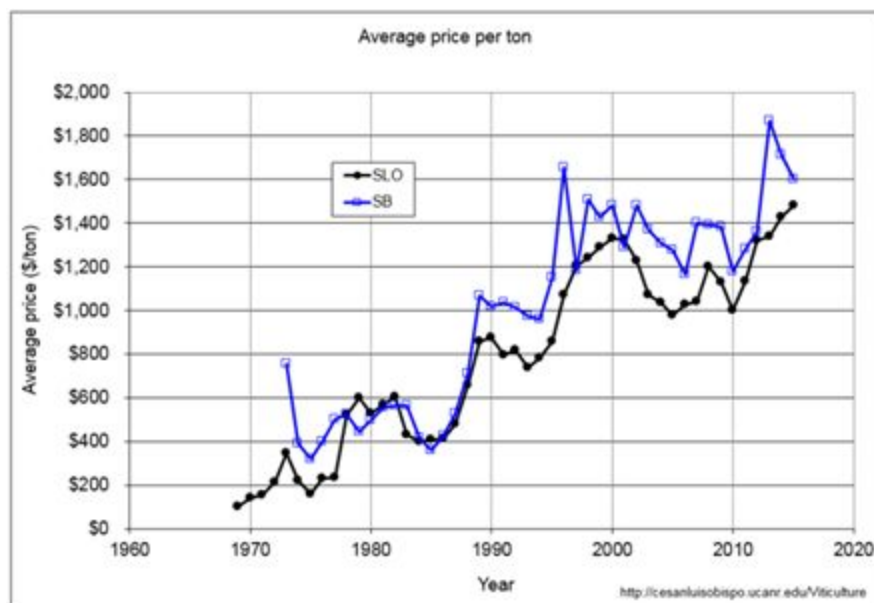
Exhibits

Exhibit 1: Yearly Wine Consumption of Top 4 Wine Consuming Countries



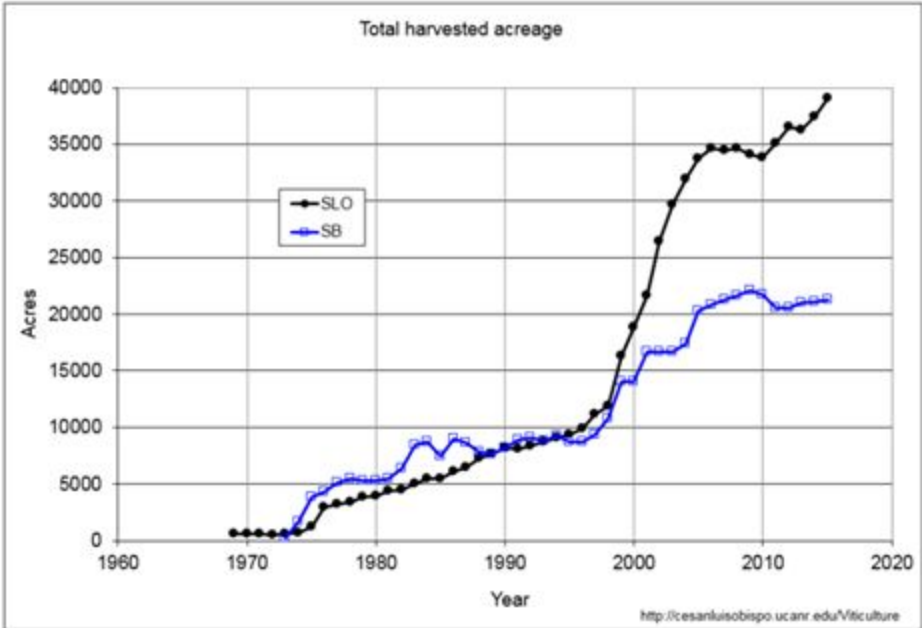
Source: Wine Institute

Exhibit 2: Yearly Average Price Per Ton for Wine Grapes in San Luis Obispo and Santa Barbara



Source: University of California Cooperative Extension San Luis Obispo

Exhibit 3: Yearly Total Harvested Acreage for Wine Grapes in San Luis Obispo and Santa Barbara



Source: University of California Cooperative Extension San Luis Obispo

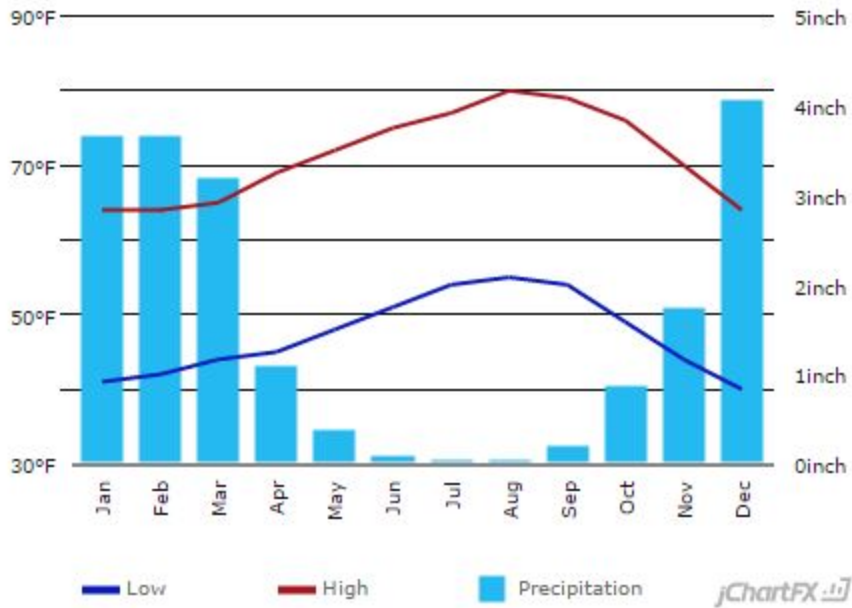
Exhibit 4: Comparison Between 2014 and 2015 Acreage, Production, and Gross Value for All Fruit and Nut Crops in San Luis Obispo County

Crop	Year	Acreage		Production		Unit	Gross Value	
		Planted	Bearing/ Harvested	Per Acre	Total		\$ per Unit	\$ Total
Avocados	2015	4,308	4,107	2.208	9,068	Ton	1,832.00	16,613,000
	2014	4,297	4,031	2.495	10,057	Ton	1,968.00	19,793,000
Grapes, Wine (All)	2015	46,865	39,017		98,781	Ton		146,435,000
	2014	44,754	37,408		142,649	Ton		203,785,000
Chardonnay	2015		3,248	3.854	12,518	Ton	1,397.00	17,487,000
	2014		3,318	5.105	16,938	Ton	1,327.00	22,477,000
Sauvignon Blanc	2015		605	6.147	3,719	Ton	1,299.00	4,831,000
	2014		727	9.102	6,617	Ton	1,220.00	8,073,000
White Wine (Other)	2015		2,061	2.372	4,889	Ton	1,398.00	6,834,000
	2014		2,012	3.496	7,034	Ton	1,298.00	9,095,000
Cabernet Sauvignon	2015		14,043	2.183	30,656	Ton	1,545.00	47,363,000
	2014		12,895	3.761	48,498	Ton	1,465.00	71,050,000
Merlot	2015		5,100	3.444	17,564	Ton	1,053.00	18,495,000
	2014		4,887	4.367	2,132	Ton	1,057.00	22,558,000
Pinot Noir	2015		2,350	1.692	3,976	Ton	2,990.00	11,888,000
	2014		2,399	2.677	6,423	Ton	2,683.00	17,233,000
Syrah	2015		3,285	1.994	6,550	Ton	1,413.00	9,256,000
	2014		3,264	3.312	10,810	Ton	1,364.00	14,745,000
Zinfandel	2015		2,857	2.251	6,431	Ton	1,480.00	9,518,000
	2014		2,826	2.613	7,384	Ton	1,407.00	10,390,000
Red Wine (Other)	2015		5,468	2.282	12,478	Ton	1,664.00	20,763,000
	2014		5,080	3.465	17,602	Ton	1,600.00	28,164,000
Lemons	2015	1,645	1,412	16.126	22,770	Ton	721.00	16,417,000
	2014	1,656	1,423	13.612	19,370	Ton	819.00	15,864,000
Strawberries (All)	2015		3,412		140,683	Ton		222,604,000
	2014		3,470		135,143	Ton		205,765,000
Fresh	2015			31.032	105,881	Ton	1,800.00	190,856,000
	2014			29.46	102,851	Ton	1,735.00	178,446,000
Processed	2015			10.2	34,802	Ton	920.00	32,018,000
	2014			9.306	32,292	Ton	846.00	27,319,000
English Walnuts	2015	2,015	2,015	0.157	316	Ton	2,795.00	884,000
	2014	2,062	2,062	0.19	392	Ton	3,001.00	1,176,000
Misc.	2015	2,794	2,406					25,391,000
	2014	2,608	2,279					22,135,000

Source: SLO County 2015 Crop Report

Exhibit 5: 2015 Precipitation Levels and Temperature Range in San Luis Obispo

San Luis Obispo Climate Graph - California Climate Chart

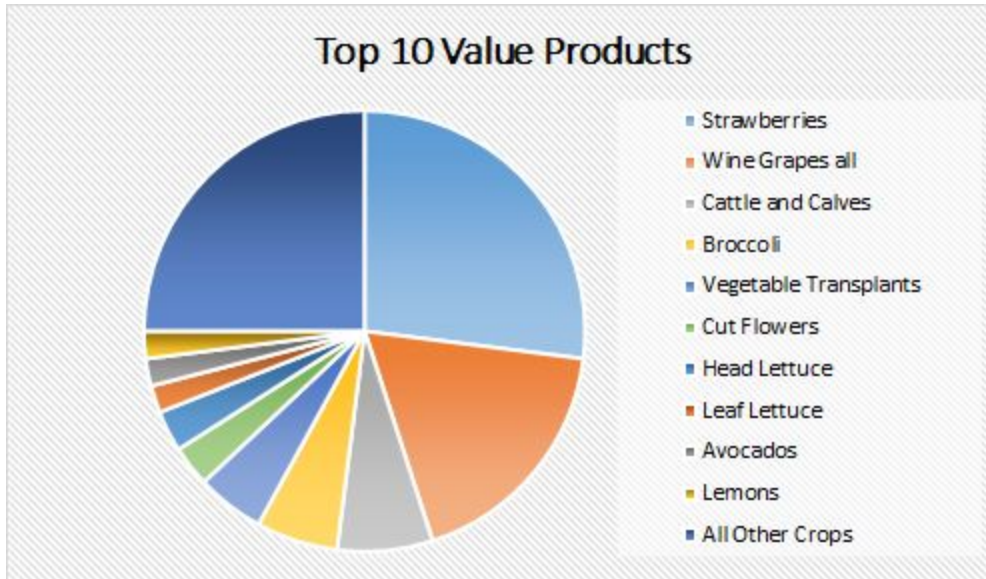


Source: US Climate Data

Exhibit 6: Top Ten Value Products in San Luis Obispo Agricultural Economy

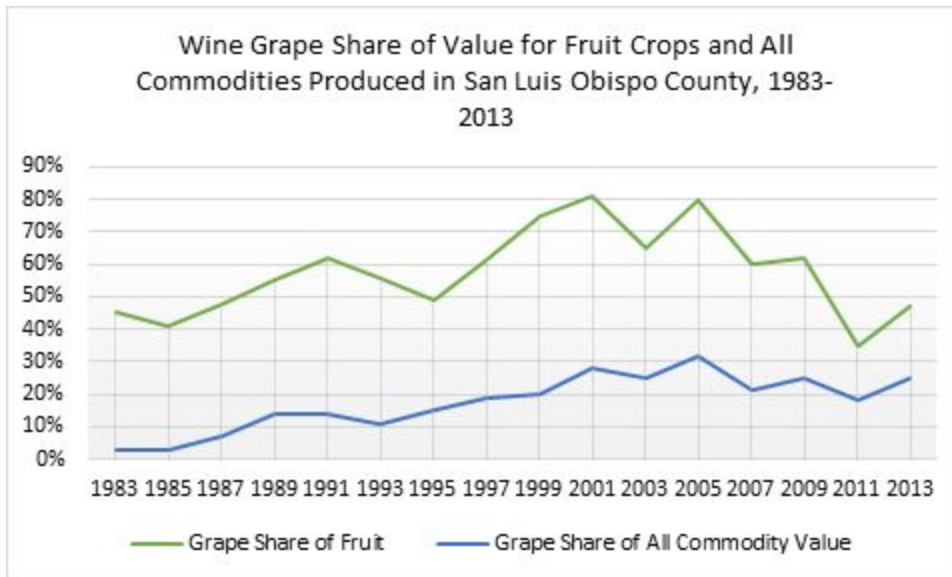
#	Crop	\$ Value	%
1	Strawberries	222,604,000	27%
2	Wine Grapes all	146,435,000	18%
3	Cattle and Calves	66,000,000	7%
4	Broccoli	47,759,000	6%
5	Vegetable Transplants	38,730,000	5%
6	Cut Flowers	27,629,000	3%
7	Head Lettuce	25,485,000	3%
8	Leaf Lettuce	16,893,000	2%
9	Avocados	16,613,000	2%
10	Lemons	16,417,000	2%
11	All Other Crops	204,235,00	25%

Source: SLO County 2015 Crop Report



Source: SLO County 2015 Crop Report

Exhibit 7: Wine Grape Share of Value for Fruit Crops and All Commodities Produced in San Luis Obispo County, 1983-2013



Source: University of California Agricultural Issues Center/U.C. David

Exhibit 8: Number of Visits and Total Economic Effect of Wine Tourism in San Luis Obispo County

	2014	2015
Total number of wine tourists (in million visits)	1.31	1.56
Total output from wine tourism (in \$million)	\$157	\$194
Total value added from wine tourism (in \$million)	\$88	\$109
Total employment from wine tourism (number of jobs)	1929	2372

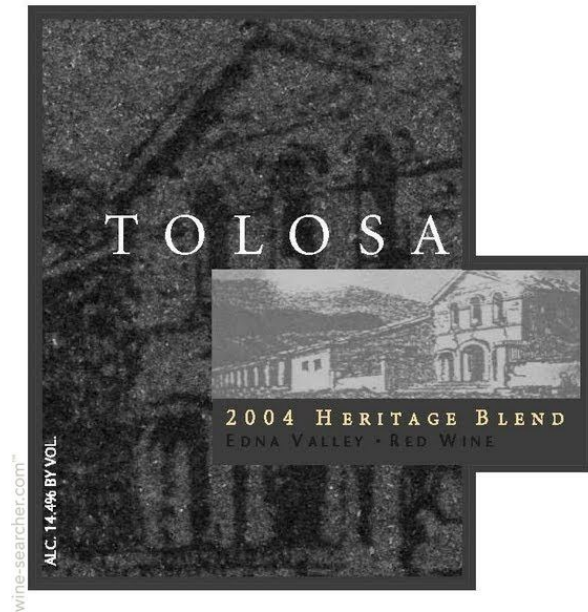
Source: University of California Agricultural Issues Center/U.C. David

Exhibit 9: Economic Impacts of SLO County and Paso Robles AVA Wine Tourism 2015

	Accommodations	Restaurants	Retail Spending
Value of Output	<u>\$1,000,000</u>		
Direct Output	\$88	\$29	\$9
Indirect Output	\$26	\$7	\$2
Induced Output	\$21	\$10	\$3
Total Output	\$134	\$46	\$14
Value Added			
Direct Value Added	\$49	\$16	\$6
Indirect Value Added	\$14	\$4	\$1
Induced Value Added	\$12	\$6	\$2
Total Value Added	\$75	\$26	\$9
Labor Income			
Direct Labor Income	\$27	\$15	\$4
Indirect Labor Income	\$9	\$2	\$1
Induced Labor Income	\$7	\$3	\$1
Total Labor Income	\$42	\$20	\$6
Employment	<u>Number of Jobs</u>		
Direct Employment	1,016	640	120
Indirect Employment	243	53	16
Induced Employment	176	84	23
Total Employment	1,436	776	159

Source: University of California Agricultural Issues Center/U.C. David

Exhibit 10: Heritage Label



Source: <http://sr1.wine-searcher.net/images/labels/78/36/tolosa-winery-heritage-blend-red-edna-valley-usa-10507836.jpg>

Exhibit 11: 1772 Label



Source: <https://images.vivino.com/labels/A15PrUrFTc2kF2kP98cNkQ.jpg>

Exhibit 12: Single Vineyard Label



Source: <http://cdn.nexternal.com/tolosawine/images/tolosa-pinot-apex-2015Lrg.jpg>

Exhibit 13: Primera Label



Source: http://www.sanluisobispo.com/news/business/suds9s/picture97658852/ALTERNATES/FREE_640/primera%20tolosa%20winery%20vertical

Works Cited

Ivie, Kristi. "Worldwide Consumption of Wine." *Wine Institute* (n.d.): n. pag. Web. 10 Dec. 2016. <<http://www.wineinstitute.org/>>.

Matthews, William A., and Josue Medellin-Azuara. "The Economic Impacts of the San Luis Obispo County and Paso Robles AVA Wine Industry." (n.d.): n. pag. University of California Agricultural Issues Center/U.C. David. Web. <[https://watershed.ucdavis.edu/files/biblio/Matthews%26Medellin_San_Luis_Obispo_\(2016\).pdf](https://watershed.ucdavis.edu/files/biblio/Matthews%26Medellin_San_Luis_Obispo_(2016).pdf)>.

"San Luis Obispo Climate Data." *US Climate Data*. USCA, n.d. Web. 10 Dec. 2016. <<http://www.usclimatedata.com/climate/san-luis-obispo/california/united-states/usca1502>>.

"SLO County 2015 Crop Report." *San Luis Obispo Crop Report* (n.d.): n. pag. *Slocounty.ca.gov*. Web. 10 Dec. 2016.

University of California Cooperative Extension San Luis Obispo. "Historical Winegrape Production Statistics." *San Luis Obispo County*. N.p., n.d. Web. 14 Dec. 2016. <http://cesanluisobispo.ucanr.edu/Viticulture/Historical_winegrape_production_statistics/>.

"Winery Industry Information." *Hoovers*. N.p., n.d. Web. 14 Dec. 2016.