

COVID-19 RESOURCE CENTER

COVID-19 Survival Guide for BC Wineries – Part 2 *How to Restart your Tasting Room*

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Introduction

As governments announce plans to re-start the economy, the BC wine industry needs to develop a set of operating protocols that will allow us to operate tasting rooms responsibly. We need to do this collectively, as a community, to maintain customer confidence, to protect our employees and guests, and to forestall our overly zealous regulators from imposing far less sensible rules than we can design ourselves. We need to work together right now so that we are ready when opening day comes.

Don't misinterpret the recent announcements as meaning that your tasting room will be re-opening anytime soon. If you are an optimist, think about maybe re-opening in July or August; but also realize that we may lose the whole 2020 season and maybe even 2021.

Don't believe for a moment that we're going back to pre-COVID status quo in terms of how you operate your tasting room and interface with customers. A lot of advance planning is necessary to ensure that protocols are in place to protect the health of employees and guests.

Ideas to help successfully re-open your tasting room

What will a COVID-compliant tasting room look like once we can reopen, whenever that is? Now is a good time to start thinking about that, and to examine the changes to business practices that will be necessary. One thing is for sure, our business won't look like it did over the last 25 years.

Here are some ideas to think about:

1. **Shift to a tasting-by-reservation model.** There will be an immediate and almost universal shift to a tasting-by-reservation-model and outdoor tastings. The days of serving bus loads of tourists and walk-ins at a crowded tasting bar are over. Set up a web-based reservation booking system and limit tastings to pre-booked, private, and small group experiences. The industry has been moving in that direction in any event, and it's unlikely that we will ever return to the old model. We need an industry wide reservation booking system similar to the apps used in the restaurant industry. Many smaller tasting rooms can safely accommodate only one group of customers at a time. Your tasting room needs to be reconfigured to incorporate at least two or more private tasting areas, distinctly separated with proper social distancing.

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2. **Outdoor tasting and sales areas.** Initially, we need to focus on outdoor tastings and ensure that we have the right licensing in place to do so. If the restaurant industry opens this summer, it is likely that the initial focus will be on outdoor patios. Similarly, if wineries open this summer, we need to focus mostly on outdoor tastings. As of today, many small wineries don't have the proper licensing to make this happen. The basic license covers sampling only in an indoor tasting room or as part of a guided tour of your establishment. The 'guided tour' clause opens up the opportunity to conduct outdoor tastings as part of a vineyard tour. A patio endorsement allows tastings on a patio attached to the tasting room, but only if you adhere to proper social distancing. The standard picnic endorsement does not permit tastings but allows guests to consume wine they have purchased from you in a prescribed picnic area. To accommodate outdoor tastings this summer, wineries need a license that permits them to set up an outdoor area, probably under a canopy, where they can conduct tastings, store inventory for immediate sale and process transactions remotely (using an iPad, for example). How can it be so hard for the regulators to allow this configuration at a land-based winery? It's essentially the same set-up as wineries are permitted to use at farmers' markets. It is mission critical that the Liquor and Cannabis Regulation Branch fast track the development of rules that will facilitate outdoor tastings and implement an expedited endorsement approval process.
3. **Tasting room protocols.** Every detail of your tasting room protocols will need to be reconsidered and revamped. The keys are to maintain separation and to adopt enhanced cleaning and disinfecting procedures. Taking a temperature reading and collecting health declarations from guests may become a requirement. Consider installing a plexiglass shield on tasting tables, with your brand ambassador on one side along with a display of bottles, and a flight of pre-poured tastings on the customer side. Provide a hygienic container or envelope for your guests to store their masks during tastings. Hand out disposable printed labels and tasting notes for your guests to review. Tasting room staff will be wearing masks or face shields and gloves. Think of everything. Will customers who would like a closer look at the label be allowed to touch the bottles? What happens if a customer coughs or sneezes? Make hand sanitizer and disinfectant wipes liberally available throughout the winery. Eliminate as many touch points as possible. Cash payment is a thing of the past. In the US, wineries are finding that some customers want to bring their own glassware. I don't think that would be allowed here for the same reason that shoppers are no longer allowed to use their own grocery bags. Protocols need to be uniform and adhered to by all. We are only as strong as our weakest link. An outbreak resulting from a failure to follow protocols in one winery will taint us all.
4. **Private tastings require staff training.** Reserved tastings for small groups, particularly if there is a significant tasting fee, will require more highly trained brand ambassadors with strong sales skills. Wineries will have to provide more training. WSET level 2 graduates will be in high demand and short supply. Larger tasting rooms will routinely position a concierge at the tasting room entrance to greet customers and either direct them to an immediately available tasting experience or ask them to return later at an appointed time. This person can also handle orders for curb-side pickup. He or she will gather contact details from all visitors so that they can be traced and informed later if they come in physical proximity during their visit with a member of your team or another guest who subsequently tests positive for the COVID virus. Use this as an opportunity to also gather consents for purposes of email marketing.
5. **Hiring older employees.** You may not be hiring seasonal staff this year, but if you are, expect a decline in the number of retirees and seniors seeking part-time seasonal employment in your tasting room. The older population is far more susceptible to complications from the COVID virus and

provincial health authorities may continue to recommend that they shelter-in-place for the indefinite future. At the same time, older employees will continue to be some of your most informed, engaged and conscientious employees. It is up to you to ensure that proper protocols are in place and are maintained to protect their safety at work.

6. **Anticipated tourism levels.** Tourism visits to the Okanagan, even by BC residents, are likely to be depressed for an extended period. Tourism from elsewhere will be mostly non-existent given that non-essential visits across provincial or international borders are being strongly discouraged. It will be a while before people are comfortable resting their heads in a hotel, motel, or Airbnb. Festivals, concerts and other events that attract tourists have been cancelled. Travellers will be worried about how many restaurants are left, and may not be comfortable eating out at all.
7. **Increasing sales per customer visit.** With less overall traffic, it is imperative that you increase your sales per customer visit. You need a worthy product and a tasting room staff that is totally engaged in creating a unique and memorable tasting experience. Some Okanagan wineries are already proving that you can charge upwards of \$50 for a truly high-end private tasting experience. Doing it right could result in customers routinely purchasing cases of your flagship products.
8. **En primeur programs and wine futures.** Enhance cash flow by developing 'en primeur' and wine futures programs. Offer customers the opportunity to purchase vintages still in the barrel at discount pricing for delivery in the future. Bottling might be 6-18 months away but your cash flow is immediate. This solves a big problem currently facing customers who visit wineries during the summer – the relative unavailability of high-end reds that are released in the fall and sell out by the summer. Go further and allow customers to invest in future growing seasons of your routinely sold out products.
9. **Should you open your tasting room this season, if permitted?** Is it even worthwhile to re-open your tasting room given anticipated low traffic volumes and the expense associated with the required operation changes? If you rely principally on your tasting room sales for cash flow, and haven't built a robust e-commerce platform, and haven't cultivated strong relationships in the private and grocery sales channels, you have probably missed the surge in sales resulting from consumers, who are sheltered in place, eating more home cooked meals and stockpiling during the pandemic. Don't despair. Social values are being redefined by this crisis. Wine lovers will value even more the diversity and craftsmanship epitomized by small local, artisan producers and will search you out. Set up a safe and inviting outdoor tasting area. Focus on preserving and growing your wine club and your loyal customer base. Forget, for now, about building your brand internationally, or at trade shows and regional tasting events.
10. **What about the restaurant channel?** You need to understand just how bad things are for our friends in the restaurant industry. Upwards of 50% of restaurants will never open again. While wine growing continues and you continue to sell at least some product, most restaurants currently have no income. They have incurred huge shutdown costs and, without a revenue stream, continue every month to pay rents and steep property taxes. Even if they risk re-opening, there is a probability that a resurgence of the pandemic will shut them down again. Now is the time for the Province to help restaurants by shifting to wholesale pricing in the hospitality sector. This would help increase sales for wineries, albeit at reduced margins. Focus on the restaurants that are succeeding (actually only surviving, but it's all relative) by shrinking their front of house and focusing their kitchens on delivery or curb-side pickup of prepared meals or ingredient packages. Focus on the simpler wine styles and lower price points that

are likely to be attractive to takeout customers. As the restaurant channel rebuilds, focus on getting on the wine lists of a new generation of innovative, entrepreneurial restaurants. Forget, for the time being, the high-end downtown restaurants. They are very dependent on business and tourist traffic. It will be difficult for a white tablecloth, fine dining establishment to convert to a takeout business without tarnishing its brand image. These restaurants accumulated huge wine cellars during the boom times; and when business returns, they will draw these down before purchasing new inventories. Now that wine delivery with restaurant takeout meals is here to stay, we need more flexible regulations that, for example, would permit the weekly meal prep services like Hello Fresh to ship Canadian wine with their deliveries.

11. **Connect with small private retailers and grocery.** Tasting room margins will be reduced by lower traffic and by the higher costs of running a COVID-compliant tasting room. This increases the relative attractiveness of the private liquor store and grocery channels. Private liquor stores and grocery are having their best year ever as consumers cook and drink more at home. Team up with a small private retailer who will feature your wines. Make the effort to ensure that the retail sales channel knows your brand, is kept fully up-to-date on new product releases, and is supplied with tasting notes, shelf talkers and other marketing materials.
12. **Increase BCLDB shelf space.** BC wines are underrepresented in BCLDB stores (less than 8% of shelf space versus an overall provincial market share of 18%). Many smaller producers regard the BCLDB as a low margin channel and do not routinely devote product to it. In reality, it can be an attractive channel because of the low costs of supplying product to it. Small wineries need to group together to provide the BCLDB with a continuous flow of their boutique products. The Province needs to make crystal clear to the BCLDB that its mandate includes the promotion of local products and that it will be held accountable for fulfilling this responsibility.
13. **Inter-Provincial wine shipments.** The economic viability of the BC wine industry through the coming recession depends on our ability to access the whole Canadian market. We need to be free to openly ship and promote our wines nationally. In this time of crisis and resurgent nationalism, everyone is looking to strengthen our domestic supply chains. Canada is the only wine producing country in the world that does not drink primarily its own products. Nobody thinks that this makes any sense. The Province needs to reach out to Jason Kenney and Doug Ford to get this fixed immediately.
14. **Merchandising and product displays.** Wineries that currently shelve and display wines in public areas, where customers can touch the wines and pick their own bottles, need to rethink the way they do business. Tasting rooms that also carry and display a lot of merchandise will probably need to limit access and be "look only, don't touch". Ensure that customers know that merchandise will be brought to the counter for them.
15. **Employee health monitoring and testing.** Expect the monitoring of employee health to become routine. This will include a daily routine of checking each employee's temperature with a contactless laser thermometer gun and asking about their current health status. Legally, this requires consent and the measures must be reasonable relative to the perceived risks of spreading the virus. Employees who test with a temperature or evidence other COVID symptoms must be sent home immediately. Eliminate or minimize any interactions between your customer facing representatives and your production and back office staff. Expect more WorkSafe BC audits.

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16. **Personal protective equipment.** It's up to you to choose and source personal protective equipment for your staff. Expect supply channel shortages. You need to choose masks and gloves that will be reasonably comfortable (if that is even possible) when worn all day in the heat of the summer. Face shields may be a better alternative for staff conducting client tastings. Gloves need to be replaced after every tasting session.
17. **Rigorous cleaning and disinfecting.** You'll need a lot of cleaning supplies. Be careful in your choice of cleaning products for the tasting room. It's hard to taste wine if there's the smell of chlorine in the air. Try the unscented isopropyl and glycerol based products being made in industrial quantities by the local distilleries. Shared surfaces should be cleaned and sanitized after every tasting. Everyone needs to start cleaning and disinfecting much more rigorously. The hygiene of the entire premises must be refreshed regularly during the day (time should be available between scheduled tastings). Ensure that your HVAC system is equipped with HEPA filtration. Switch from recirculation to fresh air intake and focus on HVAC returns which could be hotspots for the spread of the virus. Keep careful records to document your efforts. Expect regular inspections by Interior Health.
18. **Spittoons and palate cleansers.** Really? Does anyone seriously believe that we can continue to allow customers to spit out product at the tasting bar? Spittoons are gone forever from public tasting rooms. We still need to provide a way for customers to avoid intoxication by disposing of the remaining wine in their glasses before the next pour. Maybe individual disposable cups are the answer. Sophisticated guests who wish to limit their consumption may decide to just 'nose' their last few samples.
19. **Parking lots.** Since you'll be operating below capacity, consider using cones to take every other parking space out of service. Customers will appreciate your effort to encourage social distancing right from the start of their visit.
20. **Cash management.** Think of every possible way to conserve cash, but spend wisely where necessary to update your business model to current realities. If you rely mostly on tasting room sales and your cash flow has disappeared, you need to think seriously about foregoing the 2020 vintage and leaving your 2019 reds in the tank. There is no point incurring the very substantial costs of bottling just to build excess inventory that you cannot sell. In the coming recession, every winery should be thinking about producing at least one bag-in-box varietal. I know that format is not VQA compliant, but the significantly lower packaging cost, together with the ease and lower cost of shipping, is compelling. The format will quickly become popular among budget conscious stay at home consumers who will be attracted by the convenience and lower environmental impact.
21. **We are all in this together.** Our problems are not over when the pandemic ends. We are headed for a serious recession. It is important to stay positive, but also to be realistic. Consumers will continue to drink, but will have significantly less disposable income. Industry pricing points are in for a serious downward adjustment. Most of our wineries are too small to achieve proper economies of scale. We need to make more efforts to work together through joint ventures and co-ops to achieve cost savings in procurement, production, marketing and administration. We need to modernize our product lines, improve labelling transparency and produce the wines that younger and more budget conscious consumers want to buy.

Conclusion

In this time of COVID, it is important that we maintain the magic and romance of a wine country tasting experience. As one of my good industry friends said to me recently: “The question is, how do we recreate the warm sense of wine country hospitality that attracts wine enthusiasts to our winery doors? How do we romance the grape when sterility and caution replace the joyful, conviviality of such encounters?” Therein lies the challenge.

Note. To view a copy of Part 1 of this White Paper - ‘A Pandemic Survival Guide for BC Wineries’, click [here](#).

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