

# Wine's Most Inspiring People 2018: The Alternative Wine Packaging Trailblazer

By Dawn Dolan

## Wine's Most Inspiring People 2018

**Jordan Kivelstadt** is a straight-shooter. Innovator? Check. Relationship builder? Check again. Saving the planet? Check. This young man, who just recently turned 36 years old, is an impressive forward-thinker, disrupting old theories of wine packaging as he goes forth.

If you are in the wine industry and don't yet know the name of this groundbreaking businessman, engineer, and winemaker, you soon will. His company, **Free Flow Wines** is turning the delivery

of premium wines upside down. His pioneering wine keg system targets restaurants with an upscale wine list. According to Kivelstadt, an industry average for wine wasted through by-the-glass programs is around 8%. Eight percent of an establishment's by-the-glass wines can add up to very real dollars over the course of a year.

So, what is the value proposition of turning to kegged wine? Kivelstadt notes, and several personal experiences corroborate, that most winemakers hate BTG programs. Why? There is no accountability for the wine once it leaves the winery. Inexperienced servers may serve corked wine (also has happened at winery tasting rooms!), old, flat or oxidized wine, and may store the wine at a temperature not optimal to showcasing its best face. Free Flow Wines' kegs have eliminated this reduction in quality by preventing oxidation and corkage. A reduction in packaging costs (glass, corks, capsules, labels, and boxes) and transportation costs are also attractive.

The flip side? Unless the restaurant is a new build, renovations are needed to accommodate the refrigerators needed for the slim and tallish (29 1/2 inch high by 9 1/2 inches wide) white wine kegs, and space under the bar for the red wine kegs.

A tap system accommodates a number of wines, and has a section for a restaurant's beer selections as well. A full keg holds 660 liquid ounces, and weighs in at 58 pounds when full. The restaurant is responsible for paying for the install.

Creating the delivery system and getting large distributors on board was a major endeavor. Kivelstadt spent a long time establishing relationships, a firm believer that giving restaurants an opportunity to get a quality glass of wine into the hands

of the consumer would pay off in the long run. "I assumed Southern Glazer would be looking at growth opportunities," he quips. "The restaurant industry craves innovation." He felt he has given the network of distributors an opportunity to look at an expanding market, while staying true to the company's founding values.

Friend **Peter Quinn** is the general manager for Benziger and Imagery wineries, who have Free Flow Wines keg some of their wines. Quinn started working with Kivelstadt when he was in charge of the restaurant division for The Wine Group. "I met Jordan six or seven years ago when Free Flow was just coming on line," says Quinn. "From our end, it was innovative, and restaurants are looking for a fresher product, a green element, and less trash. We saw some challenges in the logistics from the distributor side. But the cost savings over time, plus a fresher and better tasting wine were of interest." Asked what stood out about Kivelstadt, Quinn answered, "His sales ability and engineering skills have made him very successful."



Jordan Kivelstadt with Co-founder Dan Donahoe

Thinking back to that time period, Quinn remembers that Kivelstadt did most of the work himself. "In the beginning, I think he was forced to take on a lot of PR duties, and develop relationships himself with distributors. Wine on tap has been around before Free Flow (Not successfully). Jordan did an excellent job of navigating the network. He made it logistically feasible for the suppliers and recipients to use this system. He showed them some cost savings [upfront], but you will save money over time." One of the most innovative parts Quinn feels was the focus on premium luxury wines. "It is attractive to pour premium wine and keep it fresher for BTG programs. This was very innovative for hotels and restaurants. He is from San Francisco, so he started there first."

For Kivelstadt, profitability plus social impact create the core ethos for his decisions. "We are looking at a double bottom line," says Kivelstadt. "We are now keeping twenty-eight million pounds of trash out of a landfill. Ninety-six percent of our waste water is recycled at Free Flow." Creating an opportunity for restaurants to become more green, save money, and provide a higher quality product to their wine consumers seemed like a no-brainer for this self-described "xennial" (Older millennials who are accustomed to social media, but can remember living life without it). He notes, "A reduction of the carbon footprint is a win for all parties."



Keggy Awards 2015

So the company's tag line, "Saving the world...one keg at a time" seems founded. He credits his management team plus perseverance for making this business a reality. But what is the next opportunity he sees in the industry?

Wine in cans. Yes, this newest venture launched just two years ago, and the first wine in can offering was less than a year ago, in May, 2017. Why cans? Kivelstadt thought about all the missed opportunities where wine doesn't make sense for the consumer. "Who wants to haul a heavy glass bottle out the beach with you," he questions. It's prone to spoilage, hard to keep cool, hard to pack and take with you.

As he describes it, we are a society set up for cans. Coolers are set up for beer. Craft beer can sales are up. Targeting mostly millennial consumers who are entering the wine market at a higher rate and at a higher price point than ever before, Kivelstadt names two things they want, "sustainability and quality." Wine in a can is a product that fits the economics of the market as well. If you look at premium beer pricing per can, one can easily see that a price point for premium wine (defined as above \$20/bottle) works out. Cans of wine come in 250ml or 375ml, which equals, respectively, a third to half of a bottle of wine.

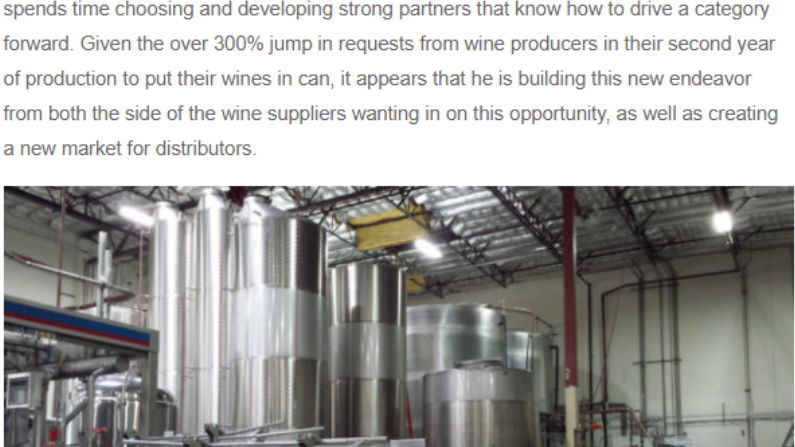


"This is a young category, but we are now canning for 25 wineries, with 100 on the waitlist," explains Kivelstadt. "For the upcoming generation of consumer, cans provide alternative packaging." The newcomers to drinking wine have less of a stigma against the ruby liquid not being in a glass bottle with a cork than previous consumer groups. "Why does any wine under \$20 have a cork and not a screwcap?" wonders Kivelstadt?

Kivelstadt believes that wine in can eliminates a "missed use occasion," meaning that due to the inconvenience of bottles, often buyers reach for canned beverages, which are easier and lighter to haul, open, hold, and dispose of, than a heavy glass bottle and cork, which needs a corkscrew, and a glass, and unless you buy a specialty cooler, doesn't fit in a small cooler designed for canned beverages. Corroborating this idea, in a 2018 article on BeverageDaily.com, they reported that alternative format wine is on the rise, as far as sales in the US market goes, with a 100% increase in the wine-in-can category. Acknowledging that is still a tiny percentage of the overall market, the category is nevertheless growing at an impressive rate.

In keeping with their core tenant of sustainability, cans make more sense. Kivelstadt points out, "Aluminum is the most sustainable packaging, with 80% being recycled in the US today. Glass is only recycled at a 27% rate."

Building a new category of delivery system takes strong partner relations. Kivelstadt spends time choosing and developing strong partners that know how to drive a category forward. Given the over 300% jump in requests from wine producers in their second year of production to put their wines in can, it appears that he is building this new endeavor from both the side of the wine suppliers wanting in on this opportunity, as well as creating a new market for distributors.



Free Flow Wines facility in Napa

Clearly driven, the passion for innovation seems to ooze out of this good-humored businessman. Says Quinn, "From a personal perspective, Jordan is very honest and is always looking to improve his products. He is extremely successful at building relationships." His own wine brand, **Kivelstadt Cellars**, located in Glen Ellen, Sonoma County, CA, started just six years ago, is also on the rise. "My night job is winemaker", he quips. In an industry where small winery brands often treat themselves like a lifestyle choice, Kivelstadt is ever mindful that this is a business, and he also has growth plans for his namesake brand.

A busy man with a finger in several pots, Kivelstadt is sure to continue to be a force in the innovation of the wine industry. Since he earnestly states, "I love alternative packaging", we can only imagine what he will come up with next.



Jordan Kivelstadt

