



## what's cool

Products that are smart, make your tasks easier and provide cost or labor savings

Bill Pregler

Bill Pregler has worked in the winery equipment industry for many years and is a staff writer for *Wine Business Monthly*.

# The Business of Keg Wine is now Mainstream

Sixty Vines restaurant affords customers a constant variety of foreign and domestic wines.

SIXTY VINES

**WINE-ON-TAP WAS RECENTLY VOTED** as one of the top beverage trends in 2016 by *Nation's Restaurant News*—a lot has happened in this sector in just a few years. If you still have reservations about the concept, though, this article was written for you.

Kegged wine is rapidly becoming an important profit driver for the food and beverage industry; and as I enjoy tracking the steady growth, it means I periodically visit with the industry leader, **Free Flow Wines** in Napa, California. To learn their story is to understand why kegged wine is gaining acceptance in mainstream retail markets.

Free Flow Wines is redefining wine-by-the-glass marketing—their program is easily accessible, allowing wineries of any size to participate. In 2015, the company was selected as one of the nation's "Fastest Growing Private Companies" by *Inc. Magazine*.

Free Flow, already the leader in keg wine sales, is about to embark on its next phase, which includes a new East Coast fulfillment facility for domestic and European wines, sparkling wines in kegs and a new wine-in-a-can packaging program.

I spoke with **Jordan Kivelstadt**, CEO and co-founder of Free Flow Wines, and discussed the issues the company had to overcome in the early days and why it's now so successful.

## The Business of the Keg Business

I really admire this company for taking the early keg concept, salvaging it, building a solid foundation and launching a successful company in a matter of about five short years. Free Flow has a very smart business model and is all about positioning itself for growth.

Quite simply, Free Flow figured out the business of kegged wine. It started by identifying what consumers wanted—and we are not talking about someone buying a single bottle of wine. Instead, Free Flow's services are all about delivering quality wines in kegs to premium restaurants and hotels—132 glasses at a time.

Its success relied on correctly packaging the wine, establishing a smooth flow through all of the distribution channels, facilitating proper keg installation and developing a focused marketing concept.



FREE FLOW WINES

The fully automated KHS line sanitizes and fills the stainless kegs.

## Keg Protocol

Most people still do not understand that kegs can actually ensure the integrity of the wine. Think about it: Your finished wine is ready for bottle and is in, say, a 2,000-gallon stainless steel tank. After a final sterile filtration, instead of gravity-flowing to a bottle with a cork closure, you simply gravity-flow directly into a smaller stainless steel tank.

Your wine is now in a 19.5 L (5.17 gallon), steam-sanitized, stainless steel tank already purged with nitrogen. It is sealed with a nationally standardized Sankey-D valve, which absolutely eliminates any possibility of O<sub>2</sub> incursion. It was designed, after all, for pressurized beer.

This valve is universal in food venues. The wine will eventually be “pushed” with a nitrogen/CO<sub>2</sub> gas combination (Guinness Gas) and will never be exposed to air.

Some will argue that wine needs time behind a cork, that it needs some aging before it's ready to be consumed. However, the vast majority of kegged wines are whites, like Chardonnay, Sauvignon Blanc and Pinot Gris/Grigio. I was told since there is no aging in the stainless tank, winemakers interested in kegging red wines might want to adjust their programs accordingly, possibly with the reduction of sulfurs.

It is critical to control all aspects of the production protocol. Like any bottling program, Free Flow Wines had to keep up with demand, and installed a fully-automated cleaning, sanitization and filling line. Currently, the company processes and ships 11,000 kegs per month.



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Retro-Fit beverage stations from Micro Matic have dual temperature zones for red and white and accommodate four to 12 kegs.

## Distribution

One of the early arguments against stainless steel kegs was the question of logistics and keg return. Naturally, wineries are concerned about delivery of their product, so early on Free Flow joined forces with the leader in keg logistics. **Kegspediter Keg Management Systems** traces the keg from winery to Free Flow then to regional distributor, service venue and back. Kegspediter is a national company that offers loss prevention and control, inventory management and, most important, issuance of deposits by the various shareholders in the supply chain.

Free Flow now has agreements with more than 400 distribution partners in the United States, including the **Southern/Glazer** network, **Young's Market** and **Republic National**, to name a few.

Kegspediter was recently acquired by **JF Hillebrand**. Since 1844, JF Hillebrand has specialized in the transport of wines and spirits and is the largest beverage transportation business in the world, with representatives in 90 countries. The company is all about "one stop shopping," handling every step, from producer to retailer, and brings international, commodity-specific knowledge and technology to the table.

By purchasing Kegspediter, Hillebrand will also continue to build upon its domestic services. This is a perfect fit for Free Flow, which already offers more than 250 domestic wine brands, as well as brands from New Zealand, South America and Europe. More on that later.

A large industrial facility with several tall, cylindrical stainless steel tanks. The tanks are arranged in a row, and there are pipes and valves connected to them. The background shows a building and some outdoor equipment. The Spokane Industries logo is prominently displayed in the upper right corner. The text "When Quality Matters, Call On Us!" is written in a large, stylized font across the middle of the image. At the bottom left, there is a "MADE IN USA" logo and contact information for Spokane Industries. At the bottom right, there is a slogan: "Quality • Excellence • Service • Support".

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## Installation

Free Flow ensures proper keg installation at all venues, requiring 304 stainless components throughout the entire plumbing system with oxygen-barrier Gen-X™ tubing. Beer keging systems are 303 stainless, cannot be used for wine and were a major reason why early kegged wine failed. 303 stainless contains brass and corrodes easily with the pH of wine, resulting in sulfur taint and off flavors. Not surprisingly, Free Flow immediately created a support group called [www.TryWineonTap.com](http://www.TryWineonTap.com) to facilitate the correct installation, cleaning and maintenance programs for venues anywhere in the U.S.

## Marketing

Free Flow needed to target their keg marketing and rightfully focused on the food industry. Food and beverage buyers suddenly have a new avenue for expanding their restaurant brand, and Free Flow now has 4,500 accounts that pour wine-by-the-glass.

Today, wine-by-the-glass seems to be everywhere and offers new opportunities for restaurants, beginning with food pairings and seasonal theme menus. With wine-by-the-glass, for example, a table of four people, enjoying a mix of small plates, can now order multiple glasses of different wines for everyone's individual taste at the table.



IDS

Portable wine dispensers with custom graphics are perfect for outdoor venues from golf tournaments to weddings.

Recycled stainless steel kegs also promote sustainability: Free Flow Wines estimates more than 9 million wine bottles have been eliminated from landfills.

Did I mention restaurants can actually offer you a more consistent glass of wine than from a bottle? No more bad corks and no more half-bottles oxidizing overnight. Whether it is the first glass from a keg or the 132nd, the wine should taste the same.

## Moving Forward

Free Flow continues to plan for growth. Of particular note is their ability to attract outside, venture capital investors. Kivelstadt told me they recently received a cash infusion from **Veritas Financial Partners** in Florida. Veritas helps entrepreneurs by delivering the flexible, responsive capital needed to help new companies achieve their goals.

One of Free Flows' concerns is maintaining national distribution while based entirely in Napa. To address this concern, they plan to join forces with

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WHITE



RED



**WITHER HILLS SAUVIGNON BLANC**  
Marlborough, New Zealand  
4 | 8 | 12 | 36

**VINE HUGGERS SAUVIGNON BLANC**  
Woods Vyd., Dry Creek Valley, CA  
Aromas of pineapple, pear, white peaches and spicy herbs greet you from the glass. Smacks of grapefruit, tangerine and lemon zest. Crisp, fresh and oh so patio friendly.  
3 | 6 | 9 | 27

**COQUEREL "LE PETIT COQUEREL"**  
SAUVIGNON BLANC  
Napa Valley, CA  
5 | 10 | 15 | 45

**PRATSCH GRÜNER VELTLINER**  
Austria  
3 | 6 | 9 | 27

**TREFETHEN DRY RIESLING**  
Napa Valley, CA  
4 | 8 | 12 | 36

**GAZERRA PINOT GRIGIO**  
Sicily, Italy  
3 | 6 | 9 | 27

**J PINOT GRIS**  
California  
4 | 8 | 12 | 36

**DUCHMAN TREBBIANO**  
Bingham Family Vyd., High Plains, TX  
3 | 6 | 9 | 27

**FRANCISCAN**  
"EQUILIBRIUM" WHITE BLEND  
Napa Valley, CA  
5 | 10 | 15 | 45

**BUONCRISTIANI "TRIAD" WHITE BLEND**  
Sonoma County, CA  
6 | 12 | 18 | 54

**LAURENT DUFOULEUR CHARDONNAY**  
Mâcon-Villages, Burgundy, France  
4 | 8 | 12 | 36

**CHEHALEM "INOX" CHARDONNAY**  
Willamette Valley, OR  
5 | 10 | 15 | 45

**LONG MEADOW RANCH**  
"FARMSTEAD" CHARDONNAY  
Napa Valley, CA  
5 | 10 | 15 | 45

**VINE HUGGERS**  
"AU NATUREL" CHARDONNAY  
Windsor Oaks Vyd., Chalk Hill, CA

A bakery in a glass. Expect aromas of lemon, red apple, banana, and key lime pie with graham cracker crust. Layers of crème brûlée, caramel, and stone fruits chime in on the palate and juicy acidity brings balance to the wine.

6 | 12 | 18 | 54

**MINER CHARDONNAY**  
Napa Valley, CA  
8 | 16 | 24 | 72

**KEN WRIGHT PINOT NOIR**  
Willamette Valley, OR  
7 | 14 | 21 | 63

**VINE HUGGERS PINOT NOIR**  
Rued Mt. Olivet Vyd., Russian River Valley, CA  
Our Pinot Noir smells of ripe raspberry, pomegranate and ripe strawberry, with hints of toasty oak. It feels like satin on your palate and bursts with flavors of wild berries and baking spices.  
6 | 12 | 18 | 54

**WEATHER PINOT NOIR**  
Russian River Valley, CA  
4 | 8 | 12 | 36

**PALI PINOT NOIR**  
Santa Barbara, CA  
5 | 10 | 15 | 45

**VEZZI BARBERA**  
Langhe, Piemonte, Italy  
3 | 6 | 9 | 27

**KATAS TEMPRANILLO**  
Rioja Alta, Spain  
3 | 6 | 9 | 27

**BONNY DOON**  
"CLOS DU GILROY" GRENACHE  
Monterey, CA  
4 | 8 | 12 | 36

**QUPE SYRAH**  
Central Coast, CA  
5 | 10 | 15 | 45

**KIVELSTADT "FATHER'S WATCH"**  
RHÔNE-STYLE BLEND  
Sonoma County, CA  
6 | 12 | 18 | 54

**VINE HUGGERS "OLD VINE" ZINFANDEL**  
Cartee Vyd., Dry Creek Valley, CA  
The once and future king of California wine! Our old vine Zinfandel hails from the heart of Healdsburg, which grew up around the vineyard. Expect raspberry, wild herbs, peach yogurt and a suggestion of grilled steak.  
5 | 10 | 15 | 45

**DISEÑO MALBEC**  
Mendoza, Argentina  
3 | 6 | 9 | 27

**TRENTADUE MERLOT**  
Alexander Valley, CA  
4 | 8 | 12 | 36

**EMPIRE BUILDER CABERNET FRANC**  
Finger Lakes, NY  
3 | 6 | 9 | 27

**HOOK & LADDER "THE TILLERMAN"**  
TUSCAN STYLE BLEND  
Russian River Valley, CA  
4 | 8 | 12 | 36

**TRUTH OR CONSEQUENCES**  
BORDEAUX STYLE BLEND  
Wahluke Slope, WA  
4 | 8 | 12 | 36

**VINE HUGGERS "50/50" BLEND**  
Peterson Vyd., Dry Creek Valley, CA  
The great wines of Bordeaux inspired this blend of Cabernet Sauvignon and Cabernet Franc. We're talking classic Pomerol-like flavors of ripe plums, black cherries, tobacco, pencil lead and cassia.  
7 | 14 | 21 | 63

**CONCANNON**  
"FOUNDERS" CABERNET SAUVIGNON  
Paso Robles, CA  
4 | 8 | 12 | 36

**VINE HUGGERS CABERNET SAUVIGNON**  
D. Rafanelli Vyd., Dry Creek Valley, CA  
It's all here: blackberry, plum and ripe blueberry, hints of dry earth and bramble, vanilla, spice and toast from French oak barrels. This is our biggest, baddest Vine Huggers wine. You're welcome.  
7 | 14 | 21 | 63

**HALTER RANCH CABERNET SAUVIGNON**  
Paso Robles, CA  
6 | 12 | 18 | 54

**JAMIESON RANCH**  
CABERNET SAUVIGNON  
Napa Valley, CA  
8 | 16 | 24 | 72

Tap wines at Sixty Vines are offered in 2.5, 5 or 8 ounce pours.

SIXTY VINES

The Gotham Project, a kegging facility on the docks in Bayonne, New Jersey. This will help expedite east to west keg cycling and allow them to service their East Coast market faster. They will clean, sanitize and fill with a similar kegging line. It also means they can easily package and distribute local, East Coast wines. Finally, it gives them a platform from which they can import and package European bulk wines (think of Hillebrand's overseas shipping).

This funding will also help with the "keg float." This defines how many kegs you need to keep your distribution cycle flowing. There are kegs in transit, kegs positioned at venues and kegs needing cleaning and filling. Normally, you need seven to 12 kegs to support each one in use. Currently, with an inventory of 126,000 kegs, part of the capital infusion will invest in more kegs to keep up with the demand. This also explains the need for another fulfillment facility in the east.

## Wine on Tap Program Awards

Free Flow annually presents the "Keggy Awards" to recognize exceptional wine on tap programs throughout the country. For me the awards are indicative of the diversity and direction the keg industry is going. Some awards are given to companies that keep the most bottles out of landfills.

Then there are awards for distributors that have moved the most product, which, not surprisingly, was Southern Glazer Wines & Spirits. Most interesting, for me, are the awards for restaurants that have fresh, innovative wine on tap programs. This year's winner is in Texas. The new **Sixty Vines Restaurant (Front Burner Restaurant Group)** in Dallas is totally cool and everything I thought kegs should be used for and more. I spoke with **Caitlin Vrcek**, public relations director at Front Burner, about their new restaurant.

Their marketing concept is based on Napa/Sonoma, farm-to-table food with wine pairings. They currently offer more than 40 different keg wines,

and the list changes every few months. The beverage director and chef are forever creating new pairings and even conduct tasting classes.

"Sixty Vines is all about demystifying wine, with the added benefits of guaranteed freshness, always being served at the perfect temperature and in any size the customer wants," said Vrcek. They offer selections in a half glass, full glass, quartino, 750 ml or liter. All of their servers are required to have a minimum Level #1 sommelier certification. This is totally cool.

Versatility is a key word for restaurant venues like Sixty Vines, but kegs are also expanding into what I call the "have wine, will travel" sector. Case in point is another recipient of a Keggy Award and this is **Innovative Dispense Solutions (IDS)** in southern California. They are a turn-key, in-house fabricator of portable dispensers, or beverage carts, if you will.

They offer complete, custom graphic and structural design, which focus on larger venues, like hotel events, golf tournaments and casinos. They have a portfolio of 23 different designs available and are already in 32 states.

Naturally, many of the components, such as the previously mentioned 304 stainless steel plumbing, taps, fonts, refrigeration and wine towers, are outsourced. With that, my next step was to talk with **Mike Godwin**, sales development manager for **Micro Matic**, the leader in engineering and installation of dispensing systems and hardware. Coincidentally, the entire tap system at Sixty Vines and basic components for IDS comes from Micro Matic.

I mention Micro Matic because they are also a major supplier for complete, under-counter, compact beverage stations. Their Pro-Line series all retrofit nicely into any cocktail or restaurant environment.

Since I last spoke with Godwin, the number of installations continues to grow at a steady pace. The units come with dual temperature zones for reds and whites, and range in size from two to 12 individual kegs. It is a perfect way for venues that need fast delivery in high volume to start experimenting with keg wine.



FREE FLOW WINES

More than 11,000 kegs cycle through the Free Flow Wines distribution chain every month.

## Something for Everyone

I wanted to close with some thoughts for smaller wineries that might want to experiment with keg wines with their existing restaurant customers.

Free Flow will supply you with as few as 20 kegs, sterilized, sparged and ready to be filled. A minimum of 250 gallons is required for filling services if the wine is delivered directly to the Free Flow facility.

Once the kegs are filled, they are integrated into the Free Flow keg inventory and sent to distribution. Free Flow has an expression called “ship and forget.” At that point the winery only needs to advise their restaurant clients that keg wine-by-the-glass is now available.

Do not stop selling your bottled wine in the tasting room or to restaurants with you on their wine list. Just don't forget about restaurants that are expanding wine and food pairings. Now is the time for any winery to start thinking of keg wine-by-glass as an extension of their marketing program.

**WHAT'S COOL:** Free Flow Wines is successful because they sweat the details and maintain strict control. As a complete service and logistics company, they coordinate the loop between the winery and the customer. They have identified all the potential problems and found solutions to ensure your wine is delivered in the manner in which you made it.

What I find totally cool is their commitment to on-going learning programs for winery customers. Jordan told me about his online webinars. “We are constantly reporting about the marketplace and where we see innovation and new trends.”

As mentioned, their proven business models are all in place, and growth is their mantra. Personally, if I were a winery, I would research keg wine opportunities. If I were really aware of “youth” marketing, I might also keep an eye on cans. In wine school not so much, but in business school you are taught to diversify as an insurance policy. [WBM](#)

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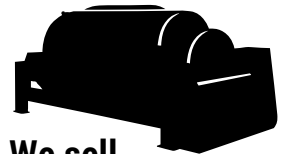
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