

O'Neill Vintners & Distillers, Known For Private Labels, Sees Brand Portfolio Hit 600,000 Cases

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Launched in 2004 mainly as a contract wine and brandy producer, California's O'Neill Vintners & Distillers lately has been investing in brands and capacity, and the company sees continuing growth on the horizon, with its newly acquired Line 39 label leading the charge.

O'Neill first entered the branded wine sector about four years ago with the purchase of the Camelot, Pepi and Tin Roof Cellars brands from Jackson Family Estates. Then, this past spring, it acquired Cecchetti Wine Co.—including the Line 39, Austerity, Backhouse, Exitus and Redtree labels—dramatically raising its profile on the branded side.

Altogether, the company now has branded volume of around 600,000 cases annually, in addition to bulk production and about 400,000 cases of private-label business. O'Neill's production is based in a 14-million-gallon greenfield winery in the Central Valley, where it's been adding about 2 million gallons of cooperage yearly.

Founder and CEO Jeff O'Neill, who was president and CEO of Golden State Vintners prior to its acquisition by The Wine Group in 2004, sees further expansion ahead. Lead brand Line 39 (around \$10 a bottle) has averaged 32% annual advances over the past three years, rising 30% to 146,000 cases in 2013, according to Impact Databank. "Line 39 is only in 7%-8% of available retail slots, so we know that if we can spread distribution a little further, we can keep this pace of growth going," O'Neill tells SND. "Where it's present, it's far outperforming the category."

In addition to organic growth, O'Neill expects to debut some new wines next year—likely new brand propositions rather than line extensions—focusing on the \$10-\$16 tier. "For each one of our brands we want to have one or two focus varietals. We don't want to dilute the brand for the sake of shelf space," he says. "The goal is to be a major supplier to the industry. We plan to keep investing. In terms of an individual brand, I think you need to be well north of 500,000 cases before you're really important to a wholesaler from a national perspective."