

Crushpad – Not just making wine, also ... enabling a revolution

(September 17, 2006) Recently, Food Notebook dropped by the Crushpad facilities on a late Friday afternoon to chat with Michael Brill, founder-CEO. While Mr. Brill was clearly quite tired from many late nights working, this did not diminish his enthusiasm or energy for talking about Crushpad and what he and his partners hope to accomplish



While the basic premise of Crushpad - a full-service custom crush facility for commercial virtual wineries and hobbyists alike - is what drew me to this story, this article will not go into the basics about Crushpad because there are good articles and interviews on the basic story easily available. See below for links to some articles. Rather, in this article, I want to concentrate on the first of two aspects of Crushpad that are currently not covered in-depth, enabling a revolution in the wine industry. Next week I will look at the next aspect, community.

Enabling a Commercial Wine Revolution

The aspect of enabling a commercial wine revolution refers to both Crushpad's e-commerce capabilities, but also to the crumbling of the three-tier alcohol distribution system. The three-tier system was put into place at the end of Prohibition to ensure that organized crime did not take over the legal alcohol market like it had the illegal underground market. Perhaps that was justified in 1933, but it makes no sense in the Web 2.0-powered, Long Tailed 21st century (*Editor's note: did I throw in enough buzzwords in the last phrase?*). Rather, the three-tier only protects entrenched distributors who fear - rightly - that they would be all or partially disintermediated if their legally-enforced oligopoly was eliminated. Another interested party in the status quo is the state governments who want to regulate/restrict alcohol sales, especially direct sales to consumers. I grew up in a "dry" county in Kentucky so I have first hand observation about government restricting access to a fine - or mediocre - glass of wine. Right now boutique wineries have a real problem getting the attention of the distributors that have a chokehold on entry into the retail space due to the three-tier system mandate that distributors must be used by both ends of the wine production-retail sales pipeline. On the consumer side, wineries face a patchwork of state laws that prevent them from shipping wines direct to many consumers. If the three-tier system and state restrictions are eliminated then boutique wineries can sell direct to restaurants, retailers and consumers. Luckily for the marketplace the Federal Courts, including the Supreme Court, are slowly eliminating one aspect and another of the three-tier system and state shipping restrictions.

This is where Crushpad and the Long Tail come into play. The Long Tail is the currently très trendy business theory about how the Internet can drive the profitable selling of smaller numbers of many more products because the limitations of traditional retail shelf space are eliminated. While it is hip to apply the Long Tail to many more markets than reasonable, I believe that it applicable to expanding the wine market. Getting information about boutique wineries is getting easier due to the plethora of paper-based publications on wines, on-line wine forums, wine blogs (e.g., [Vinography](#)), wine newsletters (e.g., [PinotFile](#)), wine podcasts (e.g., [Grape Radio](#)), wine events (e.g., [Pinot Days](#)) and groups (e.g., [Zinfandel Advocates & Producers](#) and [Rhone Rangers](#)). Direct shipping is easy and reasonably priced by firms like [FedEx](#). The next sticking point is eliminating the back office problems of creating an eCommerce infrastructure, warehousing inventory and shipping product. While there are a number of off-the-shelf solutions for each of these tasks, in aggregate they can be pretty daunting for someone who has aspirations of starting a virtual winery - especially if they are holding down a day job. Crushpad has a complete ecommerce and warehousing solution that take the burden of the back office off of aspiring winemakers so they can concentrate their time and capital to creating their wines and raising the awareness of their product.



Currently about 40% of Crushpad's revenues are from Crushpad Commerce. For the virtual winery, Crushpad offers case goods storage, ecommerce capabilities, pick/pack/ship, licensing & compliance and marketing at what appears to me to be an affordable price.

Crushpad is not the only way boutique wineries can reach out to consumers. For instance, Rad Cru is offering a unique approach to selling wine - one winery a day. However, Rad Cru is more for raising awareness than handling the onerous back office like Crushpad, because Rad Cru passes on orders to the winery for actually handling and payment.

Crushpad now has commercial virtual wineries which are now selling more than a thousand cases per year using Crushpad Commerce. As the barriers to selling fine boutique wines via the

Internet with direct shipment to the end consumer disintegrate, Crushpad could find itself at the vanguard of a new American revolution to throw off antiquated 70+ year rules that kept wine aficionados from experiencing boutique wines created by winemakers with passion. While Crushpad was not founded to be part of this revolution, it has found itself at the right time with the rix mix of capabilities to be a key soldier in this fight.

Links to articles about Crushpad

Alan Baker, the [Cellar Rat](#), interviewed Michael Brill for [Ratcast #49, Custom Crush Your Own Wine](#).

There is a good roundup of news articles on Crushpad's website at www.crushpadwine.com/newsevents.php.