Life Since Two Buck Chuck

Will the Wine Market Ever Be the Same Again?

By Kristen Wolfe Bieler

Though largely a west coast phenomenon, the entire wine industry has felt reverberations of Charles Shaw (a.k.a. Two-Buck Chuck). Bronco Wine Company's booming brand has succeeded in revolutionizing many aspects of the U.S. wine market; eating up a large surplus of grapes, thereby correcting the oversupply problem; increasing overall consumption and creating new wine drinkers with its cheaper-than-beer price point of $2. Charles Shaw's growth – likely to hit 6 million cases this year – has come at the expense of many other value brands.

The Charles Shaw label, which was purchased by Bronco, was created by Charles F. Shaw himself. A former investment banker now working in the software industry, he launched the brand in 1974, but wasn't able to make it commercially successful. The label is one of more than 30 that Bronco owns (others include Forest Glen, Napa Ridge, Rutherford Vintners and Coastal Ridge). Since its introduction over a year ago, Two Buck Chuck has been distributed solely through Trader Joe's, a boutique grocer with only 200 stores throughout the country, predominantly in the west, making the brand's status as "the fastest growing brand in the history of the wine industry" all the more mind-boggling.

Today, many industry experts wonder: Can Charles Shaw maintain its cult-like popularity, or will consumers move on to the next trend? How can the brand secure a steady supply of grapes now that the wine glut has been used up and prices are beginning to rise? Ultimately, will Two Buck Chuck last?

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Fred Franzia thinks so. Bronco Wine's president, doesn't see Two Buck Chuck as a flash in the pan, but the brand which is reshaping the industry as a result of public demand, and the beginning of a new "super value" category. "The market is shifting. In the past, people were not given the opportunity to sample enough quality wines at good value," Franzia emphasizes. "If you can provide people with better wines for less money, they are going to buy two bottles instead of one."

Not only does he believe the brand has staying power, but that it – and the super value category in general – has the potential to take on the Australians, the Southern French and any other wine-producing region capable of flooding the market with fruit-driven inexpensive wines. In the last 6 months, Bronco has launched Sea Ridge, another super-value brand and is sold through Safeway stores. He admits to having "others up his sleeve."

As for the supply issue, Franzia shares few details, but exudes much confidence. "A limited number of newly constructed wineries have both the ability to efficiently create large quantities of quality wines," he explains, adding that few brands are actually able to provide enough wine to take advantage of massive distribution. This summer, Bronco purchased Canandaigua Wine Company's Escalon winery to become a storage facility for these new brands. The company currently controls more that 30 square miles of California vineyards.

"With more creative merchandising, fairer prices and more efficient distribution, we are giving consumers better access to quality wine products," Franzia says. Grape glut or no grape glut, Franzia plans to stay focused on the super value category.