



California CONNOISSEURS

DEBBIE ZACHAREAS AND PETER GRANOFF CURATE A HIGH-END SELECTION
AT THEIR NAPA VALLEY AND SAN FRANCISCO STORES

BY JESSICA BEEBE • PHOTOGRAPHS BY IAN TUTTLE

Debbie Zachareas and Peter Granoff have been making an imprint on California's beverage alcohol retail scene since they first started working together with the opening of Ferry Plaza Wine Merchant & Wine Bar in San Francisco in 2003. The business partners went on to open a second unit, Oxbow Cheese & Wine Merchant, in downtown Napa in 2008, and launched Mission Bay Wine & Cheese in San Francisco late last year. Their mission is the same for all three units: to provide their communities with a carefully curated selection of fine products. For their commitment to careful selection, and for their service to their customers—even throughout the Covid-19 pandemic—Zachareas and Granoff have been named 2020 MARKET WATCH LEADERS.

Zachareas first entered the wine business in 1991, eventually co-founding various markets and restaurants in the San Francisco area. "I always had one foot in the door of retail and one in the restaurant world," she says. Granoff, meanwhile, first started working in the on-premise at age 12. "I started out in the scullery washing dishes and went on to do basically everything there is to do in the front of the house," he says. Their know-how of the on-premise would go on to influence their retail fronts, all of which feature wine bars. "Our mix of retail and restaurant experience is part of the reason why we have this nice combination of a wine bar and a retail store," Zachareas says. "They drive energy into one another."



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Debbie Zachareas and Peter Granoff (pictured) curate an impressive selection of wine and spirits at their San Francisco and Napa Valley stores, all of which feature wine bars.



Opened in 2003, Ferry Plaza Wine Merchant & Wine Bar sees a mix of consumers, from local regulars to tourists who head straight to the upscale wine bar (pictured), which at press time moved outdoors due to Covid-19 safety regulations.

Zachareas serves as front-of-house wine ambassador, working directly with customers, while Granoff manages information technology, finances, and online sales; however, they enjoy collaborating, so they don't dwell on titles. The business partners see a total of about \$7 million in annual revenue from their three operations combined. After a post-2008 slowdown, the Ferry Plaza and Oxbow units have been steadily growing 6%-10% a year. And pre-Covid-19, the newer Mission Bay store was seeing growth of approximately 20% a month.

Remarkable Selection

Zachareas and Granoff are serious wine connoisseurs, with Granoff holding the title of master sommelier from the Court of Master Sommeliers. The duo first sold only wine at their stores, but eventually expanded into spirits and beer, with a clear-cut focus on craft and artisanal products. Overall, wine makes up 65% of sales at the stores, while spirits and beer account for 20% and 15%, respectively. The stores are separate from one another, featuring rotating product selections that vary based on consumer trends in the three areas.

"At all three stores, our inventories are highly curated selections of small producers," Granoff says. A few wines that have seen success in recent months include the 2018 Fattoria La Rivolta Coda di Volpe Taburno Sannio (\$20 a

750-ml.) from Italy, the 2017 Res Fortes Côtes du Roussillon Vin Blanc (\$20) from France, and the 2019 Pretty Boy Nero D'Avola Rosato (\$23) from Australia's Delinquent Wine Co.

Zachareas and Granoff's meticulous product selection is one of the main pillars of their business. They taste every wine they stock, and have employees well-versed in spirits and beer do the same for those departments. "By tasting everything, we can select honest price points and have dialogues about any product with customers," Zachareas says.

Granoff adds that this process is part of a bigger business survival strategy. "In California, wine can be sold in supermarkets and gas stations," he explains. "So one of the things that's been incumbent on us to do is differentiate ourselves. And we do that by selecting small-production wines from all over the world that we're passionate about."

Spirits-wise, gins from craft producers like St. George are trending at the stores, as are mezcals from such producers as Derrumbes Salmiana. Nikka Whisky From The Barrel (\$80 a 750-ml.) is also popular with customers, as is Two James Spirits' Catcher's Rye (\$53). As for beer, popular craft brews include Russian River Brewing Co.'s Pliny the Elder double IPA (\$7 a bottle) and Allagash Brewing Co.'s White ale (\$4).

At Ferry Plaza—a 2,800-square-foot store inside the Ferry Building of San Francisco's financial, banking, and transportation district—Zachareas and Granoff stock about 950 wine SKUs, 300 spirits SKUs, and 75-100 beer SKUs. The average Ferry Plaza customer tends to purchase bottles in the \$25-\$35 range. The store sees a mix of local regulars as well as tourists who flock to the wine bar. In Napa, the 1000-square-foot Oxbow Cheese & Wine offers some 350 wine SKUs and 25 beer SKUs (it doesn't have a license for spirits). Granoff says the consumer base is "a mix of locals and tourists, with a clear-cut delineation between the two."

At Mission Bay Wine & Cheese, a 3,600-square-foot store located in San Francisco's Mission Bay neighborhood, Zachareas notes an interesting customer dynamic. "There's a lot of younger local clientele since the area is booming with new development," she says. The store stocks around 500 wine SKUs—with that number constantly growing—along with about 300 spirits SKUs. Granoff says that the Mission Bay store "is consistently selling a higher percentage of spirits" than Ferry Plaza, largely thanks to an impressive department curated by store manager Chris Rivera. The beer department there is also seeing success, offering some 75-100 SKUs.

"There are two distinct buyers at Mission Bay: people who want to come in for happy hour and get a good deal, and 30-something locals who spend \$2 million on a two-bedroom condo, don't have kids, and want high-level products," Zachareas says. The latter group is willing to pay up for quality

products; overall, Mission Bay customers are more likely to embrace premiumization than clientele at the other stores.

As a principle, Zachareas and Granoff don't really give way to fads. "There are always trends in the business, but we try to remain diverse," Zachareas says. Sometimes, though, they have to satisfy customer demand, as with canned cocktails. "We're tasting them and have learned that it's a really excit-

ing trend," Zachareas says. "Of course, we tasted a lot of not-so-good ones, in order to select only the best." Some popular RTDs include Golden Rule Spirits Margarita (\$6 a 100-ml. can) and Salt Point Moscow Mule (\$6 a 355-ml. can).

In addition to beverage alcohol, the Oxbow and Mission Bay stores sell gourmet cheeses. "We've been selling artisanal cheese from day one," Granoff says. "When we saw how well our three pillars—the wine bar, the wine retail, and the cheese department—worked together, we stuck with it."

Catering To Clientele

Zachareas and Granoff's commitment to customer service goes beyond their vigilant product selection, even factoring into the design of each store. "The in-store experience is so important," says Zachareas. Each unit has a different layout, but all have an upscale, warm ambiance. The Mission Bay store in particular has a compelling spirits section. "Visually, it draws you in," Zachareas



After initially only offering wine (chilled bottles right) Zachareas and Granoff eventually began selling spirits (shelves above) and beer, which make up 20% and 15% of sales, respectively. Wine remains the main focus, comprising 65% of overall sales.



says. "As soon as you walk in the door, you gravitate toward this beautiful room." And the Ferry Plaza and Oxbow stores, both part of market halls, have homey, inviting atmospheres.

Zachareas and Granoff further cater to their clientele through their wine club, which encompasses monthly, seasonal, and quarterly membership tiers. Events are another big part of the mix. "Events have been a very robust part of our business from the beginning," Zachareas says. Before Covid-19, Zachareas and Granoff would have winemakers visit the stores to educate customers and pour wines. "It's a one-on-one interaction where people can really get to know wine," Zachareas says, noting the partners began offering virtual tastings and classes during the pandemic. Events are promoted through weekly email newsletters, and Zachareas and Granoff connect with customers via the stores' websites and social media accounts.

But Granoff says much of the store's traffic is driven by word of mouth. "A lot of it is just growing relationships with our customers and our wine club members," he says. "We get

KEY FACTS

**FERRY PLAZA WINE MERCHANT & WINE BAR;
 OXBOW CHEESE & WINE MERCHANT;
 MISSION BAY WINE & CHEESE**

Name of Leaders:

Owners Debbie Zachareas and Peter Granoff

Founded:

Ferry Plaza in 2003, Oxbow in 2008, and Mission Bay in 2019

Number of stores: 3

Location:

2 units in San Francisco and 1 in downtown Napa

Annual revenue: \$7 million

Sales breakdown: 65% wine, 20% spirits, 15% beer

Number of employees: 70

Website: fpwm.com, missionbaywine.com

Future plans:

Zachareas and Granoff hope to open another Mission Bay retail unit in spring 2021, at the earliest.



Ferry Plaza Wine Merchant & Wine Bar (interior pictured) is a 2,800-square-foot store located inside San Francisco's Ferry Building. The store faced its challenges at the onset of the Covid-19 pandemic, but at press time was back to more normal retail operations.

“We’d be liars if we said it hasn’t been a hit to our revenue,” Granoff says. “The e-commerce side of the business has picked up a portion of in-person sales, but not enough to offset what was coming from the wine bars and retail.” In fact, business went down about 50%. But the stores’ statuses as one-of-a-kind and upscale have certainly helped keep them afloat. “The irony of the whole Covid-19 deal is that it’s given us an opportunity to really demonstrate how we operate,” Granoff says. “And we’re hoping that consumers are noticing that and gaining a new appreciation for the importance of what we do.”

As for the post-pandemic future, Zachareas and Granoff remain hopeful. “I don’t think any of us really know what normal looks like after this,” Granoff says. “But we were planning expansion when everything went sideways, and will resume that when the atmosphere is conducive again.” Indeed, Zachareas

a lot of traction from people referring others to us. Of course, that’s a slower way to build and to sustain a business, but it’s more honest than other routes.”

Responding To A Crisis

Customer service and online activity played a huge part in Zachareas and Granoff’s initial response to the Covid-19 crisis. “I got texts from customers every single day,” says Zachareas, who would head to the store each morning during lockdown to spend the day putting together cases for customers. “It’s been a really personal way to sell, and I’ve connected with customers. The thing I’ve always loved about this business is the personal connections I make with people around wine, and this crisis really amplified that.”

When the pandemic unfolded in the Golden State in mid-March, Zachareas and Granoff closed their on-premise wine bars, which forced them to lay off many hourly employees. The retail spaces, though, remained open with limited capacity and significant restrictions. Additionally, curbside pickup and delivery services ramped up. The stores’ on-premise components began re-opening slightly in May, when Zachareas and Granoff were granted permission to sell wine and beer to-go from the wine bars. In July, they faced a hiccup when the Ferry Building temporarily shuttered, but at press time the partners’ three retail operations were fully open—with safety precautions in place—and the Ferry Plaza store’s wine bar was temporarily relocated outdoors, on the patio of the former Market Bar restaurant.

While Zachareas and Granoff remained positive during the first months of the pandemic, it’s been a difficult time.

“The wine bar really drives the energy of the entire business, and that really became an important model for us.”



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and Granoff hope to open an additional Mission Bay store inside the Chase Arena in spring 2021, at the earliest. In the meantime, they’ll continue to set themselves apart with their high-end products and artistically curated selections. They’re sure that their consumer base will return to its full size as soon as that’s possible.

“It’s rare to have a place of business where a pair of professionals with decades of experience are filtering the potential universe of wines that could be offered,” Granoff says. “And only selecting ones that they really feel are compelling values, and then standing behind them—that’s real.” **mw**