



Reserve Club

Are publicly traded companies good for the wine business?

Since the early 1990's the wine industry has undergone a significant amount of consolidation at the producer level by both private and publicly traded companies. The largest companies have acquired smaller ones, constantly looking for growth through niche marketing as well as organic development. Now that the economy has slowed down and consumers are less willing to throw dollars at luxury items, are these companies too big to be viable in the changing economy?

One of the greatest challenges of wineries is their up-front capital investment. Jean-Michel Valette MW, in his Master of Wine seminar called *Everything you need to know about winery economics*, estimates that a winery needs to invest \$1000 for every dollar of sales it receives. It is no small wonder that Beringer-Blass, owner of Penfold's and Beringer, among many others, are rapidly selling off vineyards in order to raise cash. This has caused a devaluation of vineyard land in Australia which has forced many growers into bankruptcy.

In November, Diageo, the world's largest producer of wine and spirits announced they would no longer sell Bordeaux. Being the largest player in the game, their liquidation of an estimated \$200-\$300M in inventory has caused prices in some markets to drop by more than 50%. While the producers in Bordeaux insist that other agents will fill the void, one has to wonder what is the long term impact of this decision as smaller, less capitalized companies now try to enter the market.

Finally, there is the obvious statement that most of these companies are managed by business men, not winemakers. It is not uncommon for wineries owned by large companies to be told to slash expenses like any other subsidiary. Where do they make cuts? Skimp on vineyard work? Buy cheaper fruit in the bulk market? Buy less new oak barrels or

worse yet, rely on cheaper alternatives for aging? Age the wine for a shorter period of time before release? This is why many of the great names of wine, Mondavi, Sterling, BV, have all but faded into obscurity. Sure the wines are still available but is the quality in the bottle?

Sadly, the line between small, family winery and large, wine conglomerates is harder to see all the time. Look at our own feature on Stag's Leap Petite Sirah this month, owned by Beringer-Blass. A wine we are buying ten years after harvest is being sold for about the same amount as the current vintage, 2006. Why? Because someone at Stag's Leap needed to raise dollars to hit their sales goal for 2009.

While I don't discount the value of publicly traded companies for some businesses, I think it is tough to find a good example in the wine industry. Companies like Gallo and

Kendall-Jackson are still privately held, and although I don't support them I do admire the quality standards they manage to maintain across multiple brands and their long term planning. So the next time you are seeking a great bottle of wine, think about who owns the company and if you are supporting layers of administration, marketing and support staff in the price before you pay the price. You may find a much better value from a smaller producer.

Locations:

Orlando 407.895.9463

1223 North Orange Ave.
Orlando FL 32804

Lakeland 863.644.8181

4525 South Florida Ave.
Lakeland FL 33814

Windermere 407.876.9463

428 Main Street
Windermere FL 34786

St. Augustine 904.461.0060

128 Seagrove Main St.
St. Augustine Beach, FL 32080

Lake Mary/Sanford 407.878.5806

5040 West State Road 46
Sanford FL 32771

Chappellet

Cabernet Sauvignon “Donn Chappellet Signature Series”

\$55 per bottle

There is a lot of press being given to the 2007 vintage but overall it was a far less uniform growing season than reported. Bud break was early due to a warm, wet spring, but the vines slowed down in the summer. Verasion, which is half way through the growing season and when the fruit changes color, was slightly later than normal and many vintners reported smaller and less clusters than in 2005 and 2006. The late summer was uneventful so the harvest dragged on through late October. My sources tell me that if the winemaker knows his site he was able to make excellent wine in 2007. Those buying fruit in the bulk market received a mixed bag. Some sites, if over cropped, produced under ripe fruit and green wines. Other sites, on warm soils, produced very ripe fruit that can make for unbalanced wines. The key is to stick with producers who control their fruit source and manage their vineyards. Then you know you will be buying quality.

A good example of controlling their fruit source is the quality resurgence of this venerable Napa property. Several years ago I sat down with Cyril Chappellet and we tasted his new releases. At that time he was in the market showing off his new wines and explaining why they were taking dramatic price increases over the previous vintage. His family had decided to make less wine and focus more on quality, and with that dedication came higher costs. They also started focusing all of their attention on their estate vineyard, known as Pritchard Hill. At the time we scratched our head, but shortly after the wines from Bryant burst on the scene, from the same area, we understood. So now we fast-forward about a decade and you see the results of this drive to quality. Not only are their regular releases very good but I think their Signature Reserve is one of the finest values available in “big dog” Cabernet Sauvignon.

In 1967 Donn and Molly Chappellet purchased this property on the advice of the legendary André Tchelistcheff. At that time conventional wisdom was to plant vineyards on the valley floor, where the yields are higher and vines are easier to tend. Most of the production of Napa Valley was still jug wine and most was labeled sans varietal or vintage. The Chappellet’s dreamed of making world class wine and Tchelistcheff told them the best examples come from the steep, rocky hillsides. This may sound elemental now, but they were only the second winery

in Napa Valley to bond after prohibition.

When the Chappellet’s bought the property there were a few acres of vines already planted, with a little Cabernet Sauvignon but mostly Chenin Blanc. (For years the family produced an old vine Chenin Blanc from the site but they started replanting those vines in the past few years.) The original vineyards were terraced but the family started planting directly on the slopes. The elevation of this property starts at 1200 feet above sea level but rises quickly to almost 2200 feet, so the property is quite steep. Like almost everyone in Napa they replanted most of the vineyards in the early 1990’s to alleviate problems with phylloxera so the majority of their estate vines are almost twenty years old.

Chappellet’s jump in quality can be traced directly to an improved vineyard regime. They pass through the vineyard at verasion dropping under developed clusters and second growth. The fruit then ripens slowly, with acidity preserved due to the high elevation of the vineyard. The grapes are all hand harvested and in the last couple of years they have added an additional sorting table at harvest to further ensure only the best berries go into the fermentor.

In the winery, winemaker Phil Titus employes a five day, pre-fermentation cold soak of the fruit in order to extract the most color without harsh tannins. The juice is then fermented for ten to fourteen days until dry and then pressed to barrel. They use almost all French oak barrels, with forty-percent being new, and a few Hungarian barrels as an experiment. The wine is cellared for twenty-two months before bottling, and five more before release.

When you pull the cork on this wine, decant it for at least an hour to let the aromatics develop. Once you pour a glass you will see an almost completely saturated, deep ruby color that stains the glass. The nose offers up the notes of crushed stones, unsweetened dark chocolate powder, cassia, fresh dried tobacco and dark cherries. In the mouth this wine shows a lot of buttery, oak notes up front then the fruit oozes out of the center, before the oak takes back the finish. This is a very concentrated yet elegant Cabernet Sauvignon, capable of aging for ten to fifteen years. Serve with a leg of lamb or a standing rib roast dry rubbed with pepper and porcini powder.

Stag's Leap Petite Sirah 1999

\$35 per bottle
\$28 per bottle by the solid case

The history of Stag's Leap Winery started in 1888 but it was not until purchased by Carl Doumani in 1971 that the property became (in)famous. Doumani, a restaurateur and developer from Los Angeles, purchased the estate as a summer get away for his family. He became so enchanted with the Napa Valley that he moved his family there full time in 1972. At that time he owned over 40 acres of mature vineyards but winemaking never crossed his mind. He was only interested in restoring the old homestead.

Then one day a man came to his door offering to buy all the grapes he was growing for his own wines. His interest was in the Cabernet Sauvignon planted on the steep hill next to the house, but he also wanted the Petite Sirah planted nearby. Doumani and the man became friends and he helped Carl to realize the potential of his vineyards and start his own winery. Later, when asked about the camaraderie of the early vintners, Carl says that they all helped each other and showed what they learned through trial and error. No one was a better example of that than the man in the story, Robert Mondavi.

Shortly after launching the Stag's Leap Winery Carl became embroiled in a lawsuit with neighbor Warren Winiarski of Stags' Leap Wine Cellar. Fresh from his success in "The Judgement in Paris" for Cabernet Sauvignon, Winiarski did not want confusion over the name Stag's Leap and tried to force Doumani to change his name. The two spent fifteen years fighting in court before a judge finally ruled that they could both use the name as long as they placed the apostrophes in different places. That is why Carl's winery uses the singular, possessive **Stag's** while Winiarski's name is plural, possessive, **Stags'**. In another example of how the early Napa producers got along, Doumani and Winiarski went on vacation together after the lawsuit was settled and remain friends to this day.

After Doumani started making wine he quickly realized that his Petite Sirah was what set Stag's Leap apart from other Napa wineries. Grown in sandy soils over a hard clay base, the old vines are naturally low yielding and ripen slowly in the coolish climate of the appellation. This helps to give their example a higher level of concentration than many examples, as this variety can be a bit of a heavy yielding variety that caused dilution in the wines.

The name Petite Sirah can be a misnomer for this variety, although recent research does show it is related to Syrah. True Petite Sirah is a crossing between Peloursin and Syrah, developed in the 1880's by Dr. Francois Durif. His goal was to create a grape variety with the quality of Syrah but resistant to powdery mildew. He was successful in that regard but the tight bunches of grapes common to his new grape, named Durif, suffered from bunch rot in the moist climate of Southwest France. Less than a decade later the variety did find favor in the new vineyards of Northern California where moisture is rarely a problem. Recent studies by former UC Davis professor Dr. Carol Meredith show that much of what is planted as Petite Sirah in California is indeed part of the original plant material shipped by Durif. Her studies also show that there are plantings of Syrah, Pinot Noir and even Peloursin that are erroneously bottled as Petite Sirah in several vineyards across California.

Carl Doumani sold the winery to Beringer Wine Estates in 1997, who at that time modernized the facility and replanted many of the oldest, disease prone vineyards. They confirmed the source material of the Stag's Leap Petite Sirah to have come from Dr. Durif's original crossing. The winery uses this vineyard as the base wine for their bottling, also buying fruit from other sources in Napa Valley to increase production. All of their fruit is from vineyards that are closely cropped to ensure low yields and harvested late to ensure complete ripeness.

The style of this wine has changed over the years and I don't remember what the 1999 was like when released, but it is a fantastic glass of wine now. The color is still deep purple but with a garnet hue if you hold the wine up to the light. The nose offers hints of new saddle leather, peppercorns and fresh sage that build complexity in the otherwise blackberry and black raspberry fruit notes. In the mouth this wine is still surprisingly firm, with a wet stone, peppery quality that holds the fruit in check. If you have the patience to see this wine after a couple of hours it shows dramatic, blueberry, black plum and blackberry jam qualities that seem to stretch for minutes. Good now this wine should age nicely for at least another decade. Serve with braised meats or chili rubbed fajitas with portobello mushrooms.

Brewer-Clifton Pinot Noir

2006 Lindsay's, Mt. Carmel or Cargasacci Vineyards

\$65 per bottle each

The extremely limited nature of the single vineyard wines of Brewer-Clifton necessitates that we will feature not one, but three different wines from this producer. When and where you pick up the wine will determine which you get but rest assured they are all equally impressive. Also due to the limited quantities there will be very little extra wine for sale. I will be making an offering on the highly rated 2007's when they are released. Please contact me directly, at tim@timswine.com if you are interested in receiving the offering.

When Greg Brewer and Steve Clifton decided to make wine together in the early 1990's, their goal was to emphasize the unique character of the many great vineyards of Santa Barbara, specifically the then emerging Santa Rita Hills appellation. Blessed with almost constant afternoon sunshine and diverse soil types, the winemakers were driven to produce wines with distinctive character, not for comparison but rather to show the amazing diversity of the grapes and sites. Their interpretation of both through their wines are some of my favorite examples of the concept of *terroir* and also some darn good wines to drink.

At the time that these two decided to make wine they were both working for large winery operations. They watched as fruit from various sites was mixed together, often at the crush pad, so that any distinctive character of the grapes was lost. Remember this was almost twenty years ago, long before Santa Barbara was considered a winemaking hot spot, and most of the production of the area was price-point Pinot Noir and Chardonnay destined for grocery store shelves. Because of their contacts the two started to assemble a portfolio of single vineyard sites where they could produce "premier cru" quality wines to display the unique character of each parcel. When they rolled out their first vintages in 1996 they were on the cutting edge of the Santa Barbara movement if not outright founders.

When Greg and Steve choose a site, they are looking specifically for established vineyards with morning fog and well drained soils. The hills of the region were formed during the Pliocene period, when ancient ocean bottom was pushed upward due to plate shifting, creating what is now called the Santa Rita Hills. Depending on how the site is exposed also determines the condition of the soil. Some sites have soils that have been exposed to the elements for millions of years, leaching the soil of mineral content and organic matter. Other spots have only been top soil for a few million years, with more small particulate matter and organic material, which creates a completely different growing dynamic. Grape growers then match rootstock and clonal material to suit each location, often mixing the combinations for added complexity.

Brewer-Clifton owns very little vineyard land, buying almost all their grapes. After the severe shortage of grapes in the 2006 vintage they have started planting their own

sites in order to have greater control over the quantity of their production. In a typical year they produce between 6000-8000 cases of wine (as many as 14 Pinot Noirs and 10 Chardonnays, so you see why quantities are limited.) In 2006 they only produced 4320 cases of wine.

Winemaking at Brewer-Clifton emphasizes balance and longevity over immediate pleasure. All of their reds are aged in French oak barrels, 25-30% new, and are bottled without fining or filtration. As you will see with all three of these bottlings, they are more savory than many examples which display only up-front fruit. You will also find that the color of these wines are lighter than most top rated Pinots but they display impressive texture and almost taut acidity. If you have the patience to wait five years these wines will offer you great rewards, if not, decant them for at least one hour before serving.

The **Lindsay's Pinot Noir** (408 cases made) is a new bottling from an old vineyard. Originally planted by Fess Parker and named Ashley's vineyard for his daughter. The property was bought by Bill Foley in 2005 and he renamed it for his daughter. The soils of this vineyard site are predominately sandy clay and it is planted to Dijon clones 114 & 115 as well as Pommard. It is the deepest colored of the three wines and shows notes of forest floor, pomegranate, red plum and dark cherry in the nose. It is a relatively stiff wine with the fruit veiled by fine grained, long tannins. I could not help but draw a comparison to a Premier Cru Chambolle-Musigny when tasting this wine. This one will be best in 2013 and should last for at least a decade.

Mount Carmel Pinot Noir (456 cases made) is the steepest site that Brewer-Clifton sources, with soils that are heavy in limestone and diatomite. It is planted to Dijon 115 and the old Mount Eden clone. This wine displays an amazingly complex nose of black tea, jasmine and crushed stone, with a lot of barrel notes of cinnamon and clove. This is the most austere of the three, with firm tannins and almost crunchy acidity that will ensure this wine lasts at least a decade. This wine has the power and structure of top-notch Nuits St. George so handle accordingly.

Finally, the **Cargasacchi Pinot Noir** (456 cases made) is produced from stark soils of almost pure diatomaceous earth on the western edge of the Santa Lucia Highlands appellation. The vineyard was planted in the 1990's entirely to Dijon clone 115. Here the wine displays a shockingly light color (despite 14.5% alcohol) and a savory nose of roasted red beets, dried brush and wild strawberry, complicated by notes of Chinese-five-spice powder from the barrels. This is the broadest of the three wines, with a rich texture of fruit framed by firm, almost muscular tannins. This wine will also age nicely for at least ten years. Like Lindsay's this wine reminds me more of a Northern Cotes du Nuits bottling from Musigny or Gevrey-Chambertin.