

WINE BUSINESS INSIDER

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The Leading Source for Analysis of the Wine Industry

August 28, 2007 • Vol. 17 No. 35

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Wine Business Insider

Published Weekly by Wine Communications Group, Inc. (ISSN 1057-8544) 110 W. Napa Street, Sonoma, CA 95476
Subscription Rates: (email) \$295/Year; (USPS and fax) \$395/Year

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New On-Premise Report Released

Industry research company **WineMetrics** has released its first Annual On-Premise Wine Distribution Report. The report, which measures the frequency with which each brand is included in on-premise wine lists, found that the line between casual and fine dining, at least in terms of wine listings, is blurring.

"The brands that are distributing in both fine and casual dining are the most successful," said **Charles Gill**, CEO at WineMetrics. "It's surprising to me to see so many casual dining restaurants that had marquee brands on their lists. I cannot tell you how many little pizzerias have **Dom Perignon** on their lists. It tells you that consumers don't change their drinking habits all that much when they go from account to account."

Previously available only to select distributor clients, the WineMetrics list was compiled using over 10,500 wine lists from a mix of casual and fine dining restaurants in 20 states and the District of Columbia. Although the report is split about 70/30 in favor of the casual dining environments, a majority of the listings (64 percent) are in the fine dining segment. Over 13,000 different producers are represented in the survey.

"In the casual dining element, what I have discovered is that it's a continuum," said Gill. "Nothing falls into one category or the other. That may have been true 20 years ago, but now we have non-white tablecloth restaurants with 200-brand wine lists up priced up to \$200 per bottle. That fine and casual dividing line has been blurred over the years and it was very difficult for us to decide how to categorize the individual restaurants. They could have the prices and service of a fine dining restaurant but have a tiny wine list, whereas around the corner they could have the menu and prices of casual dining with a 200-brand wine list." →

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American, Red Wines Dominate Listings

WineMetrics also details the reliance on California red wines in the on-premise arena. U.S. producers accounted for 59 percent of all on-premise listings as well as 75 of the top 100 brands. Of those 75 U.S. brands, 71 are from California, three are from Washington and one is from Oregon.

Beringer is the top on-premise brand, followed by **Kendall-Jackson**, **Robert Mondavi**, **Beaulieu Vineyard** and Washington's **Chateau Ste. Michelle**. Rounding out the top 10 are **Caymus**, **Sterling**, **Cakebread**, **Antinori** and **Veuve Cliquot**.

French imports account for 17 percent of all listings, followed by Italy with 13 percent. Of the top 100 brands, 15 are French and 7 are Italian. Only two Australian wines made it onto the top 100, though the country accounts for 4 percent of all listings. Spain claims 2 percent of all on-premise listings, though the country failed to place a brand in the top 100. Chile's **Casa Lapostolle**, however, did manage to claim the #100 slot.

Gill said that it appears that many restaurants, especially those in the fine dining segment, are reducing the number of spots on their wine lists. In an already competitive market, producers in some key niche segments are fighting for attention. "In a casual reading of the report, one of the things that we discovered were the proliferation of brands from Spain trying to secure a small portion of the wine lists," said Gill. "The number of brands in the market is increasing more than the number of slots on the wine list. That's universal."

Even with the growth of aromatic white varietals, some of the most dynamic in the retail environment, red wines dominate on-premise sales. Red wines account for 65 percent of all on-premise listings, though the report points out that "this is not to say that consumption is that one sided. Many red placements are 'library' wines, expensive, multi-vintage selections of renowned wines that are featured as much to enhance the prestige of an account as to earn revenue."

White wines account for 28 percent of listings, while Sparkling wines account for six percent. Rose accounts for 1 percent of listings.

Cabernet Sauvignon tops the list in terms of varietal, accounting for just over 16 percent of all listings. Additionally, Cabernet Sauvignon blends account for 8 percent of listings. Chardonnay is the second-largest single varietal nearly 15 percent of all listings. Pinot Noir is third with 9.6 percent. Merlot, which has a far, far more dominant position off-premise, trails with a 9 percent share on-premise.

A majority of listings, 66 percent, fall between \$25 and \$100. The most popular price segment is between \$25 and \$39, where 26 percent of all listings are made. The \$40 to \$59 cate-

gory and the \$60 to \$100 category each account for 20 percent of all wine listings.

The WineMetrics On-Premise Wine Distribution Report is available from www.winemetrics.com for \$299, including free priority mail shipping. □

—Mary-Colleen Tinney

WSWA Files Amicus Brief With Supreme Court to "Retain State Control Over Alcohol Sales"

Wine and Spirits Wholesalers of America, Inc. has petitioned the U.S. Supreme Court to "keep controls over alcohol sales and delivery within the realm of state regulatory powers, rather than cede constitutionally granted state authority to the federal government."

"The [s]tates have a strong and legitimate interest in enacting and enforcing laws that restrict underage access to alcohol," WSWA stated in a "friend-of-the-court" legal brief. "It is the [s]tates that have primary responsibility for combating underage drinking, as reflected in the Twenty-First Amendment, congressional enactments, and prior decisions of this Court."

The filing was made in connection with a case involving a challenge by carriers to the Tobacco Delivery Law enacted by Maine in 2003. That law requires tobacco sellers to verify the age and identity of the purchaser when delivering their product by carrier.

WSWA said it elected to file a brief in the case "because of possible ramifications for state regulation of carrier delivery of beverage alcohol to consumers."

"The primacy of the [s]tates in combating the abuse of alcohol generally, and underage access to alcohol specifically, is rooted in Section 2 of the Twenty-First Amendment," the brief states. "In sum, state regulation of the delivery of alcoholic beverages has a unique status under the Constitution, federal statutory law, and this Court's decisions."

"WSWA opposes direct interstate sales of alcohol to consumers because there is no credible way to verify the age of the purchaser through an anonymous online sale, and because carriers have repeatedly failed to ensure that deliveries to minors are prevented," WSWA president and CEO **Craig Wolf** said. "However, states that do permit such sales should retain the power to regulate carriers and hold them accountable when alcohol deliveries to minors inevitably do occur."

The case is *Rowe v. New Hampshire Motor Transport Association* and a link to the filing can be found via the WSWA website. □

Evans & Tate Loses 18-month Battle to Survive

On Friday, August 17, **Evans & Tate**, Australia's sixth largest producer, finally collapsed and called in the administrators. **ANZ**, its bank and principal creditor, then appointed **Peter Anderson**, **Shaun Fraser** and **Andrew Birch** of **McGrath Nicol** as receivers to wind up the company. This ended an 18-month battle for survival as Evans & Tate sought to find a solution to its crippling debts—the company owes around AU\$100 million (\$82.41 million) to ANZ. Despite a succession of restructuring proposals and merger bids it proved impossible to save Evans & Tate, which was founded in 1934 by **John Tate**.

At the end, events moved quickly. On November 14, **Franklin Tate**, formerly Evans & Tate's chief executive and son of John Tate, resigned his directorship. In 2005, Tate had been forced by ANZ to resign as chief executive officer.

On August 24, the latest rescue consortium—the ANZ bank, the **Pendulum** group and **McWilliams**—announced that because of problems uncovered during its due diligence that it would be pulling out of its HoA (Heads of Agreement) that it had signed with the company in late July. It had been expected that this rescue package would be finalized by the end of October. At the same time Evans & Tate reported that 25 percent of its shareholders were not prepared to support this latest restructuring plan.

A letter from **Michael Silbert**, Evans & Tate's company secretary, explained, "Following these notifications, Evans & Tate received a notice from ANZ on 17 August 2007 that under these circumstances, it was no longer able to continue its financial support for Evans & Tate. ANZ advised that no further facilities would be made available and no existing facilities would be renewed or rolled over following expiry."

On August 20, Evans & Tate appointed **Martin Jones** and **Bruce Carter** of **Ferrier Hodgson** as administrators of the company. ANZ as the secured creditor then put the Evans & Tate into receivership. The company has some 160 employees.

At the end of last week, McWilliams, part of the rescue consortium, signed an interim agreement with receivers McGrath Nicol to become the Australian distributors of Evans & Tate's branded wines and its Gngangara, Oakridge and X&Y. The agreement comes into effect on September 1. □

EU Threatens to KO France's "Super" Vins de Pays

In a preliminary ruling, the **European Commission** has rejected France's three new "super" vins de pays designations—**Vin de Pays des Vignobles de France**, **Vin de Pays de l'Atlantique** and **Vin de Pays des Gaules**—which covers the Beaujolais and the southern part of the Mâconnais. Under European Union

regulations, vins de pays, or their equivalent, have to relate to a specific and named geographic entity whether it is a small district or larger region. A VDP cannot cover the whole country as the new Vin de Pays des Vignobles de France does. The proposed Vinedos de España, which covers all of Spain, has run into similar problems.

Vin de Pays de l'Atlantique and Vin de Pays des Gaules have been rejected as neither of them correspond to an existing named region. For these two designations it may be possible to finesse the problem by changing or modifying their names. The Vin de Pays de l'Atlantique covers the departments of the Gironde, Dordogne, Charente, Charente-Maritime and part of the Lot-et-Garonne—essentially Bordeaux as well as the Cognac production area. The first vintage for the Vin de Pays de l'Atlantique was 2006 when some 41,000 hectoliters (1,083,105 gallons) was marketed.

It is now down to the French government to respond to the European Commission. The French Government is likely to be keen to persuade the Commission that these new vins de pays designation should be accepted, especially as the Vin de Pays des Vignobles de France was set up to allow cross region blending. The plan was designed after Australia's successful South-Eastern Australia designation. The new category is a response to the very fierce competition they face from non-European producers. The new designation is also has its opponents in France. The vin de pays d'Oc (Languedoc) producers have denounced it and threatened legal action. □

People

Constellation senior vice president for west coast operations, **David Hayman**, left the company last week, according to industry sources.

Jim Hendon, formerly of **Tarrica Wine Cellars**, was named director of winemaking at **Paso Robles Wine Services** (PRWS). Hendon earned a degree in Fermentation Science from UC Davis in 2002. He held a harvest position at **Gloria Ferrer** in the Carneros appellation of Northern California, and then moved onto Lake County, where he assisted in the launch of **Tulip Hill Winery**, also a custom-crush facility. PRWS was founded in 2002 and is located in an industrial parkway outside Paso Robles. This custom crush facility currently houses nearly 30 small Central Coast-based wine producers, though a new annexation will provide case goods and barrel storage to a growing number of producers.

Blackstone Winery announced the appointment of **Gary Sitton** as director of winemaking. Sitton was with **Ravenswood Winery** for eight years.



TURRENTINE
GRAPES & WINE

SELECTED RECENT SALES OF GRAPES & WINES IN BULK

Courtesy of **Turrentine Brokerage**, the leading broker of premium grapes and wines in bulk, 415-209-WINE (9463), www.turrentinebrokerage.com. Individual sale prices vary widely due to quality, barrel age and other special circumstances.

W I N E S	Year	Appellation	Gallons	Sale Price Per Gallon
Cabernet Sauvignon	2005	Alexander Valley	NA	\$15.00
Merlot	2006	Mendocino County	11,000	\$5.50
Chardonnay	2006	California	6,400	\$3.00
G R A P E S	Year	Appellation	Tons	Sale Price Per Ton
Pinot Noir	2007	Edna Valley	18	\$2,500
Chardonnay	2007	Napa Valley	34	\$1,900

Beltappo, Inc., a producer of synthetic wine closures, has entered the wine markets of South America and South Africa. The company introduced **Javier Calvo** as the South America representative for Beltappo, based in Buenos Aires, Argentina. Beltappo also introduced **David Canning, Lloyd Dawson and Ingrid Canning**, as South African representatives. David Canning will manage development of the South African closure market. Dawson and Ingrid Canning will be responsible for sales and will report, to David. Dawson is based in Johannesburg, and Ingrid is based in Knysna, South Africa.

Vineyard 7 & 8, located on the top of Napa Valley's Spring Mountain, announced that **Luc Morlet** will take on the role of winemaker beginning with the 2007 vintage. Previous consulting winemaker **Larry Langbehn** moved on from his position at the winery. Morlet has a master's degree in enology from **Rheims University, France** and holds both a viticulture degree from **Ecole Viticole de Champagne** and an MBA in Wine Business from **Dijon Business School** in Burgundy. He has worked for **Val d'Or Champagne Cellars, Chateau Dauzac, Newton Vineyard** and **Peter Michael Winery**.

Brenda Funk was appointed as an account manager for **California Glass**, the largest distributor of wine bottles on the West Coast. Funk was previously an account manager for **Metropolis Label**, of Napa, California. Before that, she was an account manager for **FP Label/Renaissance Mark**, also of Napa. She previously served as a sales representative for **McCoy Label/John Henry**, Petaluma, California and **AC Label/Impaxx**, Fremont, California.



Brenda Funk

Having sold the **Davis Bynum** brand to **Tom Klein** and **Rodney Strong Vineyards, Hampton Bynum** announced that he and his sister, **Susie Bynum**, will now make wine under the River Bend Ranch label, and that the winery on Westside Road in Healdsburg will now have a "new," yet "old," name: **River Bend Ranch Winery**. The family's winery remains for sale under the representation of **International Wine Associates** of Healdsburg.

Bordeaux proprietor and négociant, **JB Audy**, appointed 39-year-old **Robert Mackinlay** as export director for Asia, Middle East and Russia. Mackinlay started his career in food and beverage management of various five star hotels in Belgium before becoming the wine buyer for **Bahrain Maritime & Mercantile International** (the BMMI group), the major importer in the country of Bahrain, in 1997. In 2003, he moved to Bordeaux becoming an export manager for négociant company **Calvert**. JB Audy owns five châteaux in Bordeaux's Right Bank, including **Clos de Clocher, Château Bonalgue** and **Château Monregard La Croix** in Pomerol; **Château les Hauts-Conseillants** in Lalande de Pomerol and **Château du Courlat** in Lussac Saint Emilion. In addition, they have exclusive marketing agreements with more than 30 châteaux in the Bordeaux region and also are fine wine brokers. Exports account for 60 percent of their 15 million (\$20.52 million) annual turnover.

M Vineyards at Montaluce in Georgia hired **Paul White** as winery general manager. The winery is under construction and will host its first crush in October. A former San Francisco attorney, White gave up law 10 years ago to devote full attention to learning about the California wine industry and managing vineyard projects. The winery includes 9,500 sq. ft. of production facilities and a restaurant. It is located on Hightower Church Road, a 10-minute drive from Dahlonga's historic town square. White was previously general manager at **Coturri Winery** in Sonoma Valley. □