



Changing Times in the World of Wine

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Through my many wanderings up and down the state, I have reached one inescapable conclusion — Santa Cruz is one of the most sophisticated wine markets in California.

People here buy *good* wine, and they are interested in buying new and better ones all the time. I'm not talking "expensive" wine, which can often be a waste of money when something costing less is equally as good if not better. What I am speaking of its "good" as in "quality," that special factor that elevates an item above the rest.

Retail shops and restaurants reflect this, with top quality wines from the world over on shelves and lists throughout the county. In fact, the selection we enjoy here rivals all but San Francisco for the best in the state, and the prices here are significantly lower.

Certainly California wines remain the favorite, and the white wine "boom" of the 1970s shows only a slight sign of abatement. What is changing is the type of white wines being made (more on that later), and the tremendous growth of blush wines.

Blush wines have a status and "chic-ness" about them roses never had, any they have succeeded in upsetting this traditional path, turning red wines into white ones and leaving wine lovers hopelessly trapped in a sea of white — this and blanc — that. So popular are blush wines, in fact, that at least two wineries now own trademarks with the word "blush."

Although blush wine is one of the hottest growing sectors of the market nationwide, locally there is some encouraging news. People are beginning to discover wines come in more than just white and pink. Blush wines possess some of the taste and qualities of a red wine, with the characteristics of a white. As such, the best thing about blush wines (to me, anyway) is that they lead the public into sampling and enjoying more red wines — currently the weakest sector of the domestic market — and this is now happening in Santa Cruz.

The first sign was zinfandel. While it is too soon to say red zinfandel (a two-word phrase that would have been a useless repetition only a few years ago) is making a comeback, some wineries note a small but definite increase in sales. And while red wine sales on the whole — except cabernet sauvignon — are still sluggish, the downward trend is slowly reversing as California reds see gradually expanding sales.

One area experiencing skyrocketing growth is sparkling wines, and Champagne in particular. This is an area of the market where no indications of a slow-down exist; it's just up, up and away. Many factors contribute to this bubbly explosion. Simply put, drinking a glass or bottle of pops is fun. No longer saved only for special occasions, people now enjoy a glass of sparkling wine before dinner, with Sunday brunch, on Fridays to celebrate the end of the work week, or late at night with someone special (still an occasion, to be sure).

Ten years ago, Domaine Chandon opened its doors and ushered in this new era of ever-increasing Champagne sales. The early trickle of wines from this affiliate of Moët et Chandon soon turned into a stream and then a river, as production expanded from 10,000 cases its first year to well over 500,000 cases in 1984. Today, more than 50 California wineries produce sparkling wine, including new producers like Tijsseling, Robert Hunter, Scharffenberger, Van der Camp, Piper-Sonoma [in part owned by Piper-Heidsieck of France] and Gloria Ferrer [owned by Freixenet of Spain], to name but a few.

But what enlarged this mere flood into one of tidal wave proportions has been imports, and it has taken place on two fronts, low- and high-end.

Domestic wineries make low-priced sparkling wines utilizing the Charmat method — or bulk process — where the wine ferments in large, pressurized, stainless-steel tanks. The Spanish, for instance, employ the *methode champenoise* of fermenting in the bottle, a very costly, labor-intensive technique that yields excellent results. Yet, these producers are still able to export wines to this country and sell them for under \$8 and, in some cases, under \$4. Spanish sparklers with the distinctly un-Spanish sounding names like Paul Cheneau and Rene Barbier, as well as Freixenet and Codorniu, have become familiar to all of us.

If we needed any extra encouragement to drink Champagne, the gray marketeers have given it to us. The gray market bypasses traditional importation route, which has always been from Champagne producer to exclusive US importer to local wholesaler to local retailer to you. Everyone takes his or her cut along the way, and the result is Dom Perignon (or Louis Roederer Cristal, Tattinger Comte de Champagne, etc.) at \$60-75 a bottle.

By working on low overhead, with minimal commissions, and taking advantage of the exchange

rates, gray marketeers short-circuit the entire process. They purchase Champagne from a European wine merchant (not the Champagne house itself), usually paying for it up front. Then, they ship it to California and sell directly to the retailer. The result: Dom Perignon sells for \$25-30 less, and sales move into high gear.

Well, \$35-40 is still a lot of money, but when the gray market shifted to importing non-vintage Brut Champagne instead of just the expensive *grand marque* labels, Champagne consumption shifted into overdrive. No longer did French Champagne cost \$20-30 a bottle minimum. Now, Louis Roederer sells for \$12.99 at some places, Veuve Clicquot for \$15.99 and, for a brief, dazzling moment, Moët's Brut Imperial and Mumm's Cordon Rouge sold for under \$11! At that price, who could afford *not* to buy it?

This, sadly, is one trend I do not see going on much longer. Several factors threaten the gray market's continued existence. California wine growers seek protection from "cheap" imports; wholesale companies seek to regain the thousands of dollars they have lost in revenue to the gray market; and, oddly enough, the Champagne producers in France wish to cut off the European source of supply in spite of their rising sales.

Currently, bills before the California State Legislature, if passed, will turn the gray market black, and a proposal before the European Parliament will make it illegal for anyone except the producer to export wines to destinations outside the Common Market. If either of these measures pass, and the odds are in their favor, look for Champagne prices to double at the very least.

While this may be good news for the people who produce sparkling wine, California winemakers still face container after container of *high-quality*, low-priced table wines from abroad.

For example, you can buy French and Italian chardonnays of superior quality for well under \$5. Until recently, you had to spend at least \$8 for a California chardonnay of comparable quantity (1985 has seen prices fall, as a glut of chardonnay lowered prices to comparable levels; *premium* California chardonnays, however, hold firm, selling in the \$12-18 range). The same has held true for sauvignon blanc, cabernet sauvignon, riesling — virtually every grape, in fact, except zinfandel (which no one seems to grow in Europe) and pinot noir (which, if it's any good, sells for at least \$12 from California versus as

low as \$7 from Burgundy).

Natural market forces may block, or at least, slow this invasion. As recently as May, the franc sold for 10.33 to the dollar; today, it sells for around 8.3 — a quick drop of 20 percent.

Adding to this upward drift in prices are the French themselves. Rising prices in France have resulted in wine growers there increasing their base price to American importers, turning a 20 percent jump into 30 percent or more.

One district, Chablis, could possibly double. A severe frost damaged or destroyed more than half of what many consider to be some of the finest chardonnay in the world. Virtually no 1984 vintage Chablis was produced, and very little for 1985. Growers with nothing to sell for the two years increased their prices by at least 40-50 percent. A French Chablis Grand Cru that sold for as low as \$9.99 earlier this year will shortly reach \$20 — possibly even \$25.

This will certainly make California wines more attractive to the consumer, on price alone if nothing else. But what about Italy? The Italians produce more wine, and export more of it, than any other country in the world. In contrast to the French, the Italians have not raised their prices. Combine this with the tremendous gains in the quality of Italian wines, and it would seem they may gain the upper hand.

The pressure is most definitely on. While California wines still make up the majority of what we drink, imports threaten to add to their already sizeable share. The California wine industry faces difficult times; changes are in the works.

Many wineries have closed. Others have filed for Chapter 11 protection under the bankruptcy laws, hoping to reorganize and reopen their doors. Many wineries face shaky financial ground and may close in the future. Others, of

course, continue to do well.

The trick is the *kind* of wine produced; the key is to specialize. Most wineries have reduced the number of wines they make, concentrating on one, two or three different varietals rather than six to 12. From a financial standpoint, the vintners who have specialized seem to be doing better than those who haven't.

Both winemakers and consumers have, for the most part, rejected the big, heavy, over-oaked style chardonnay, for example, and the intense, highly alcoholic style of zinfandel. They prefer to drink a wine with more subtlety, opting for complexity with finesse — in other words, a more European style.

Of course, if you're a California winemaker you don't want to suggest you are imitating the Europeans, so the catchphrase is "food wines." Vintners now produce "food wines," a most healthy improvement whatever you call it. Wine is a food, and it is meant to accompany other foods, meals. California wines have dramatically risen in quality, as experience and talent combine to yield the best to date, with promises of even greater achievement.

Take Ahlgren Vineyard as an example: compare the big, powerful cabernets it made early on (good though they were) with the 1982 cabernets, and you'll see how well the more recent vintages compliment a dinner, marrying with the food not dominating it. Other examples are David Bruce and Bonny Doon — even the recent vintages from Santa Cruz Mountain Vineyard. In fact, virtually all of our local vintners lead the way in producing superb wines that will accompany food.

While hard times face the California wine industry, our local contingent included, the long-term prospect remains — for those who survive the upcoming shakeout — a bright one.



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