



Cameron Diaz, Recession Can't Stop Winemakers in 'Ugly' Economy

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By Ryan Flinn



March 16 (Bloomberg) -- Vintner Ben Sharp was waiting to meet a distributor at a New York cafe last year when he spotted actress **Cameron Diaz** at a nearby table.

"I thought, 'The wine is a really important deal, but you see a celebrity and you get butterflies,'" said Sharp, owner of **Capture Wines** in California's Napa Valley.

Sharp quickly calmed down and impressed the distributor with his new sauvignon blanc, the first premium vintage from his winery. But his hardest work lay ahead: trying to sell 6,500 bottles of the 2008 Tradition Sauvignon Blanc at \$32 apiece during the most severe economic slump since the 1930s.

"This is definitely an ugly time for many players," said **Jon Fredrikson**, president of **Gomberg, Fredrikson & Associates**, wine-industry consultants in Woodside, California.

Actually, it's not all bad news for winemakers. While sales of wines costing more than \$20 have slumped, cheaper vino is more popular than ever.

"It's really a tale of two markets," Fredrickson said. "It's the worst of times for small, high-end wineries, and also about the best of times for bigger commercial players that can market wine under \$7 or \$10."

Seventy-seven percent of wine retailers, producers and distributors surveyed by the **Wine Opinions** research firm last August said sales of bottles costing more than \$50 had declined at least 25 percent over the past year.

Cheaper Wines

Sharp said he sold 80 percent of his first **sauvignon blanc** within six months of launching the brand, but other new premium- wine makers haven't been so fortunate.

Michael Giarraputo, a New Jersey marketing consultant who started **Think Tank Wines** in 2007, decided to make a \$20 rose this year to balance out his higher priced pinot noir, which sells for \$60, and a cabernet sauvignon that will be sold for \$70 to \$80 when released in December.

"The market accelerated my movement in this area," said Giarraputo, whose former advertising clients included PepsiCo., Quaker Oats Co. and General Electric Co. "I don't want to cut price, or offer discounts or make lesser quality wines."

Instead of cutting the price of his premium wines, Giarraputo offers additional items such as the **Wine Soiree**, a decanter that fits on top of a bottle, to buyers who paid the full retail price at tasting events.

Chris Cutler, owner of [Wines of Redemption](#) in California's Monterey Valley, dropped his distributor in July and started selling bottles himself after his first vintage, a 2007 pinot noir, got off to a sluggish start.

Thinner Bottles

The former computer-software salesman cut costs by buying thinner, lighter bottles and scaling back production, and dropped the price from \$49 to \$34.30.

"It was the best decision I made," Cutler said of selling the wine himself. "It helped me refine what my brand means, how it's different from the competition."

James Frey, owner of [Trisaetum Winery](#) in Oregon's Willamette Valley, said it's a difficult time to sell new wines.

"It's been tough to get distributors to show any interest in taking on a new brand, especially a premium wine," he said. "We've spent a lot more time and energy just getting people to return a phone call."

[Trisaetum Winery](#) has two vineyards in Oregon's Willamette Valley, a 22-acre coastal site and a 28-acre vineyard on a ridge, both of which are planted with pinot noir and riesling grapes. The winery features a 100-foot-long cave to store barrels of wine.

"Even with great marketing, if you don't have the product to back it up, you're going to be in trouble," Frey said. "You better make some pretty good wine."

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