

TASTE vs. PRICE: HOW TO FIND WINE VALUE

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Taste vs. Price: How to Find Wine Value

A \$9 wine can be a great value. But what about one that's \$20, or \$80? F&W's Ray Isle tackles the question with two money experts and finds some unexpected buying strategies.

ILLUSTRATIONS BY ALEX NABAUM

HERE'S A STRANGE THING about wine: Great ones are very easy to find. Anyone can track down a bottle of Château Latour online (paying for it is another question). What's not easy to find are great *value* wines. There are thousands of cheap wines in the world, but "good value" is a slippery concept. Is it objective? Subjective? How situational is it? Is one person's great value another person's overpriced rip-off? There are plenty of variables. And yet, I'm often asked to recommend value wines. The challenge is providing any kind of broadly useful advice. I figured I needed a new approach: What I needed to do was talk to an economist.

That's how I ended up in the F&W Tasting Room with Karl Storchmann and Felix Salmon. Storchmann is a clinical professor of economics at New York University and the managing editor of the *Journal of Wine Economics*, which publishes articles on abstruse topics like "Hedonic Estimation of Vineyard Sale Prices." Storchmann himself is a pretty down-to-earth guy, though, or at least as down-to-earth as German economics PhDs get. My other expert, Felix Salmon, is a hyper-smart English expat who writes widely about business for Reuters, and also, from time to time, about wine.

I had set up a blind tasting of six Cabernets, ranging in price from \$10 to \$200 a bottle. And as we got started, I quizzed my wine-loving, money-savvy guests about the idea of value.

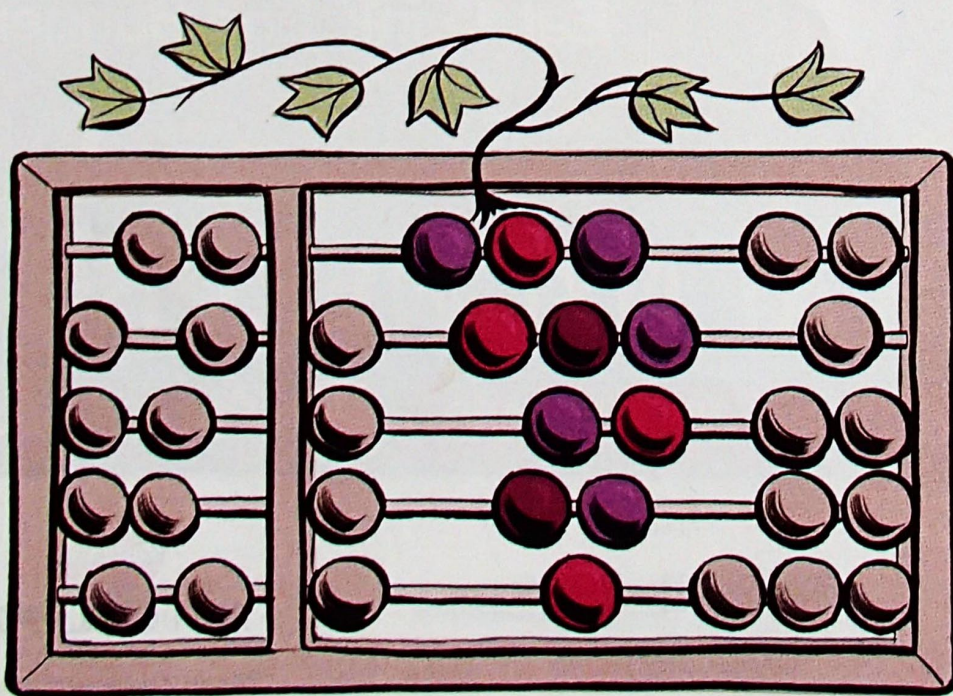
\$10 WINES *Maximize Your Happiness*

Thirty minutes in, we each ranked the wines. Our preferences varied, but we agreed on some things. The 2009 Sagelands Cabernet from Washington state, for instance, we all disliked. At \$10 it was inexpensive, but that was about all anyone could say in its favor. Still, it led to a crucial question: What is the best strategy for buying \$10 or \$12 wines?

Salmon said, "My theory is, if you want to maximize your pleasure, it's simple. Find a wine you like, buy a few cases of it, and any time you need a bottle, pull one out. It will grow on you. You'll learn to appreciate it more; it will be like an old friend." This suggestion, he said, was backed up by various psychological studies on the nature of happiness, rather than strict economic analysis, but it was still a good one. By building up positive associations—this is the wine I drink when I'm home relaxing, this is the wine I pour for my friends when they're over and we're having a great time—you train your mind to enjoy the wine more and more each time you drink it.

Sticking with a house wine makes sense for bottles in the \$10 to \$12 zone. Annette Alvarez-Peters, the head wine buyer for Costco, caught a lot of flak last year when she agreed during a CNBC interview that wine was no different than toilet paper—just another product on the shelf. She might have been more felicitous in her example; orange juice would have made the point just as well. But at the \$10 level, where most wine isn't much more than industrially produced, fermented grape juice, what she said is essentially true. Very little of it is actively bad, as in flawed, vile or undrinkable, but it's a vast ocean of sameness.

So one option is to dive into that ocean and treat wine the way you would orange juice. Cabernet? More pulp. Pinot Noir? Less pulp. That's about it. Alternatively, you could take Salmon's advice. Find a \$10 wine you really like. (Look for one made by actual people, that comes from a specific place.) Get to know it. Look forward to drinking it. If the anticipation of pleasure truly results in more pleasure, take advantage of that. Though, that said, you may have better luck skipping Napa Valley Cabernets and choosing those from Lake County instead, for reasons I'll get to in a moment.



\$20 WINES Look for “Market Discounts”

Both of our \$10 wines were bleak, as it happened. But Salmon chose the \$20 Educated Guess Napa Valley Cabernet Sauvignon as his favorite of the tasting (it placed second for Storchmann). I said it seemed like a bargain.

Salmon, however, didn't agree. “There's only one place in the world where \$20 for a wine is considered inexpensive, and that's Napa Valley. If you live in St. Helena, it's inexpensive. But not if you live on planet Earth!”

A fair point. Napa Cabernets are, on the whole, expensive. Storchmann concurred. The market, he said, “adds a premium for certain places or grapes.”

“It's like Sancerre,” Salmon said. “There is no conceivable reason for anyone to ever buy a Sancerre, unless they're showing off.” What he meant was that the market (in the economic sense) charges more for Sancerre, because that appellation in France is famous; the prestige comes with a built-in surcharge.

On the other hand, Storchmann said, other wines come with a built-in discount. One paper that the *Journal of Wine Economics* published not long ago, he said, proved that in America, wines with the word “organic” featured prominently on the label are almost certainly underpriced (Europe is the opposite, he noted). “If you take the same wine and rip the ‘organic’ label off, it will sell for more,” he said. That means, if you're hunting for value, buy organic (wine, at least; food is a different story).

Salmon suggested the same reasoning might apply to screw-capped wines. For my part, I'd argue that Chenin Blanc offers good value compared with Sauvignon Blanc or Chardonnay. Similarly, why buy Sancerre when equally good Sauvignon Blancs from lesser-known Loire regions, like Menetou-Salon or Quincy, will save you a few dollars? In California, Cabernets from Lake County, even terrific ones, automatically sell for a few dollars less than those from Napa Valley. Or consider the ultimate in undervalued wine, sherry. The quality-versus-price ratio is so out of whack that it seems madness *not* to buy it.

\$80 WINES Seek Out Established Producers

Storchmann's top pick in the tasting (and mine, too) was the 2009 Robert Craig Howell Mountain Cabernet. It was a gorgeous Cabernet, rich with blackberry fruit but impressively structured, the flavors long and lingering. It was everything you want a Napa Cab to be. But at \$80, was it a value? As Elton Slone, the GM of Robert Craig, told me, “People do look at you skeptically when you say your \$80 wine is a good deal.”

Five Great Wine Values \$12 & Under

2012 Vega Sindoa Tempranillo (\$9) A tiny cooperative of eight Navarran families grows the grapes for this bright, crisp Spanish red.

2010 Vale do Bomfim Douro Red (\$11) This blend of native Portuguese grapes from the Douro Valley is surprisingly complex.

2012 Dry Creek Vineyard Dry Chenin Blanc (\$12) A perennial value, Dry Creek's Chenin Blanc offers layers of citrus-melon flavor.

2010 Il Molino di Grace Il Volano (\$12) A fresh, herby Tuscan red, it's a blend of Sangiovese with 25 percent Merlot.

2011 Novellum Chardonnay (\$12) This fragrant Chardonnay is made with hand-harvested grapes from France's Côtes Catalanes region.



Yet the Robert Craig was a steal compared to the 2009 Paul Hobbs Beckstoffer Las Piedras Vineyard Cabernet, which costs \$170. Salmon, in fact, rated the Hobbs dead last, stating that it was “unbelievably unbalanced” (not his style of wine, safe to say). On the other hand, I ranked it second, right behind the Craig bottling—but it was almost \$100 more per bottle.

With expensive wine, there are a lot of intangible factors that affect price: its image, the buzz around it, its scores from critics. (Interestingly, the Hobbs and the Craig received exactly the same score, a 96, from Robert Parker's *Wine Advocate*.) But concrete concerns affect price, too. As Slone points out, “We bought our Howell Mountain land in the mid-1990s, at \$48,000 an acre. Today, it'd be \$400,000 an acre. The cash intensity is insane. If we were to buy that land today, we'd have to charge \$300 a bottle.”

The lesson here may well be that if you're scouting for value at the high end of California wine, look at wineries that have been around for a while. Top wines from long-established independent producers like Robert Craig, Forman, Mount Eden, Larkmead, Robert Keenan, Dunn and Altamura (to give a few examples), all of which purchased land before the mid-'90s, are often far better deals than the latest cult stars.

THE RINGER AT OUR tasting came at the end, when Storchmann pulled a mystery bottle from his bag. A red, it was light-bodied but firmly tannic, with delicate cherry flavors and a slightly bitter but appealing finish. We tried to guess its identity, then gave up, which was just as well: It was from New Jersey.

In fact, the bottle was from a blind tasting of New Jersey versus French wines held by the American Association of Wine Economists last year, in which the New Jersey wines had done extremely well. This wine, a 2008 Europa VI from Amalthea Cellars, was among them. Storchmann had paid \$22 for it, a serious bargain. “But there's one problem,” he said. “Since the tasting, the wine's much more well known. So for the new vintage, the owner raised the price to \$33.” ●