

PICK & CHOOSE

JUST RED? JUST WHITE?
JUST CALIFORNIAN?
JUST ITALIAN?
HOW ABOUT A
COMBINATION?

CALIFORNIA WINES

Artisan Series –
\$29.50/month, a red and a white
Winemaker Series –
\$59.50/month, 2 reserve reds
Artisan red–Winemaker red –
\$46/month

ITALIAN WINES

Artisan Series –
\$32/month, a red and a white
Winemaker Series –
\$62/month, 2 reserve reds
Collector Series –
\$112/month, 2 collectable reds
Artisan red–Winemaker red –
\$48/month
Winemaker red–Collector red –
\$87/month

CALIFORNIA–ITALIAN COMBINATIONS

CA Artisan red–IT Artisan red –
\$33/month
CA Artisan white–IT Artisan white–
\$29.50/month
CA Winemaker–IT Winemaker –
\$62/month
Alternate CA & IT Artisan Series –
\$29.50/\$32/month
Alternate CA & IT Winemaker Series–
\$59.50/\$62/month

DOUBLE UP

You can also receive more than two bottles per month. California sales tax is included. Shipping is extra.

making a winery function makes it a very complicated operation. We do everything here. We have a new bottling line. We do our own electronics. We do our own welding. We do our own computer programming, all kinds of things at the production level. On top of that, there's sales. And sales are equally complex, because you've got people involved that you have to deal with. You have accounts to manage. You've got irate people on the phone. You've got happy people on the phone. You've got to keep them all pleased, and you've got to keep the wine moving. If you don't move the wine, everything collapses.

The market dictates

It all comes to a head with sales in the long run, because you don't grow grapes, and you don't make wine independent of selling it. If you don't sell it, you go belly up. You can start with Robert Mondavi, the icon of California wine, belly up. Now who could imagine ten years ago at the peak of his power that Robert Mondavi would be a basket case. It just tells you that you've got to move the volume. If you are idiosyncratic in terms of the wine you make, if you make wines that nobody else likes, you go belly up. If you make bad wines, you go belly up. Robert Mondavi's problem was that he was making bad wines. Robert Parker came and told him that. Instead of listening, he argued. He went belly up. You cannot contradict the market and stay alive. The market dictates, and it doesn't matter what people think. I'm going to do it my way or no way. You go belly up, and there are lots of people going belly up right now even as I

speak. The wine industry has turned the corner and is doing better. But it's burgeoning because people are responding to what the public wants. And that's price points and quality. That's where it's all at. If you've got great wine at the wrong price point, you go belly up. If you have good price points and bad wine, you go belly up. It's that simple. It's a mixture of quality, exposure, distribution, and pricing.

A crisis in wine distribution

There's a crisis in distribution, and there's also a crisis in pricing, and we talked about that with regard to imports. Most El Dorado wineries sell all of their wine on site. They don't do any distribution, or if they have distribution, it's very local. And that's one reason why they're so poorly known. I think Lava Cap has the best distribution of any winery in the Foothills. We're in 35 states. But that's a constant struggle. The distribution industry is in a state of turmoil mainly because the big guys are buying up the little guys. You get a distributor. You're with them for a few years. You finally get your product moving, and all of a sudden he's bought up, and the new company has wines already established at your price point. They don't care if your wines are better, because they don't want to do the work of introducing what would be for them a new product. So you're off the list. That happens all the time. Just as you think you're really going, you hit a downturn. So it takes constant management and attention. We have a sales person who's basically on the road 90% of the time. He goes all over the country and helps keep Lava Cap focused with new distributors. ■



YOUR ACCESS TO OUTSTANDING WINES FROM CALIFORNIA AND ITALY

California

Winery of the Month



Hidden Mountain Vineyards

Lava Cap Winery



CelebrationsWineClub.com

Anna Maria Knapp, Owner
75 Pelican Way G1
San Rafael, CA 94901

1-800-700-6227

celebrate@
celebrationswineclub.com

May 2005

SEND A GIFT SUBSCRIPTION

to family, friends, business associates, and clients for any number of months that you prefer.

CHOOSE:

- California Artisan Series \$29.50/mo.
- California Winemaker Series \$59.50/mo.
- Italian Artisan Series \$32/mo.
- Italian Winemaker Series \$62/mo.
- Italian Collector Series \$112/mo.
- Or select from "Pick & Choose" above & write here:

Prices include 2 bottles of glorious wine, the newsletter, and CA sales tax. We include a gift card with your personal message. Shipping extra.

Send this form to: Celebrations Wine Club
75 Pelican Way G1
San Rafael, CA 94901

Or call 1-800-700-6227 or fax this form to 1-415-457-3362
Or order from our website at www.celebrationswineclub.com

Anna Maria, please send a gift subscription to the following person:

Recipient's name _____

Address _____

City _____ State _____ Zip _____

Phone no. _____

Message _____

No. of months _____ Please bill me monthly. Please bill total.

My name _____

Credit card billing address _____

My phone no. (____) _____ - _____

Please charge my Visa Mastercard Discover

Card number _____ Expiration ____/____/____

Signature _____

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Lava Cap vineyards range over elevations between 2,400 to 2,800 feet and are distinctive in mountainous El Dorado County, because they are at the highest point, beyond which vines would be exposed to killer frosts in the spring. The soils there are formed from young volcanic rock, where the 49er gold miners quickly learned they could find the richest gold-bearing gravels. David Jones has created his own alchemy in these spectacular, hilly vineyards with diverse microclimates and volcanic soils, which produce superior Cabernet Sauvignon, Zinfandel, Cabernet Franc, and Petite Sirah, as well as Chardonnay and Sauvignon Blanc. The business is family-owned with son Tom as winemaker, son Charles as vineyard manager, and wife and mother Jeanne as office manager. Married for 53 years, Jeanne laughs that she and David disagree about everything, which

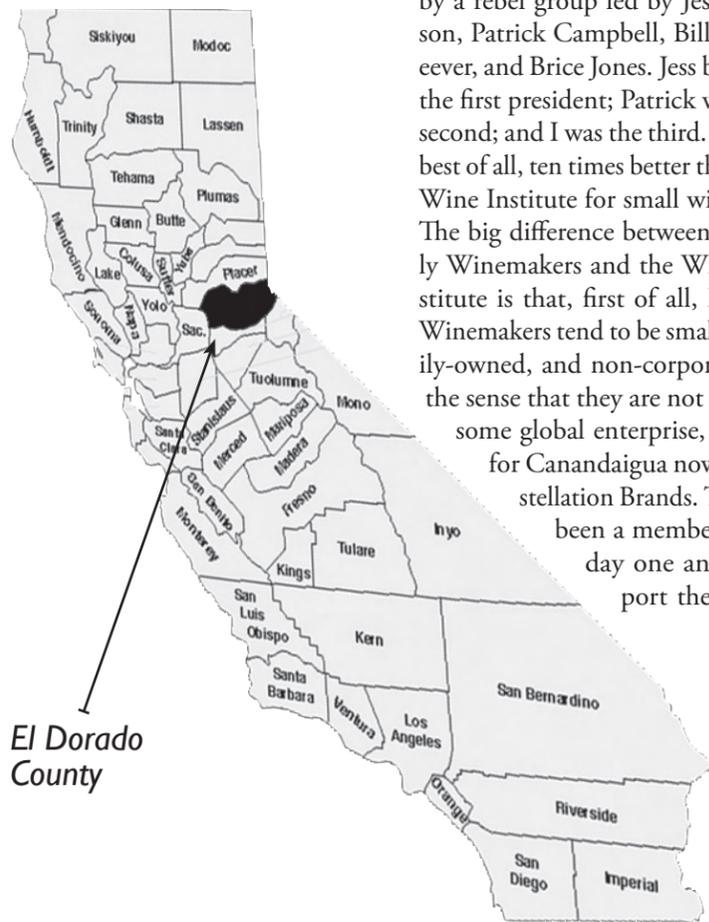


"You've got to follow the money." —David Jones, president of Lava Cap Winery

in their case created a highly productive relationship. The following are a few of David's opinions in his own words with minor editing for clarity.

Family Winemakers, the best of all

Family Winemakers was formed in opposition to Wine Institute by a rebel group led by Jess Jackson, Patrick Campbell, Bill McKeever, and Brice Jones. Jess became the first president; Patrick was the second; and I was the third. It's the best of all, ten times better than the Wine Institute for small wineries. The big difference between Family Winemakers and the Wine Institute is that, first of all, Family Winemakers tend to be small, family-owned, and non-corporate, in the sense that they are not part of some global enterprise, except for Canandaigua now Constellation Brands. They've been a member since day one and support the needs



El Dorado County

of small wineries. Gallo on the other hand does not. Gallo has been consistently opposed. In Indiana, they filed an *amicus* brief in support of non-shipping [from winery to customer]. Gallo provides 60% of the funding for Wine Institute and dominates the whole thing and has been opposed to competition from small wineries. So Family Winemakers represents the small wineries with great fidelity and led the attack on shipping prohibitions in conjunction with Free the Grapes. They hired Kathleen Sullivan, Dean of Stanford Law School, and Ken Starr [to present the case against New York and Michigan, which allowed in-state wineries to ship directly to customers but prohibited out-of-state wineries from doing so.] They were a potent team and won. The Wine Institute was drawn into it kicking and screaming. We belong to the Wine Institute. They represent us also, but the big representation, where the big bucks are, is not with us.

Italian winegrape varieties go way back

Here in El Dorado County, they go way back. August Sebastiani had a good friend who lived up here. His name was Ricci, and Ricci went to August and said, "I've got this 20-acre property. August convinced his friend to plant Barbera for him, and for many years, the Ricci vineyard supplied August Sabastiani with his Barbera. When August retired and his sons took over, they decided that Barbera was not something they wanted to make. It was over. The little Italian winemaker image was caput. So they stopped buying it, and the vineyard fell into disrepair. Nobody would buy the grapes until Greg Boeger [Boeger Winery] discovered it. He brought it back to life and started making Barbera in the 1970s. Then we started buying Ricci grapes until Robert Mondavi came along and bought our share. So we lost them when Robert Mon-



Tom Jones, winemaker at Lava Cap Winery and past President of El Dorado Winery Association

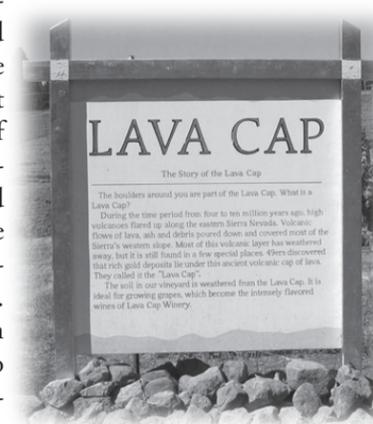
davi started his Cal-Ital program. It was called La Famiglia di Robert Mondavi, but they sold it all off. The market just wasn't there. And the reason the market wasn't there was not that the wines were not good. But the Italian wines that were being shipped in were coming in at \$1 a bottle and knocked the California wines off the shelf. And it's still true today. I think it's strictly economics, 100% price point. When these wines come in, and distributors can sell them by the palate at \$50 a case, and they just fly out. It's like Two-Buck Chuck. What they're basically doing is taking a surplus of wine and dumping it on the American market at the expense of the American industry. Italy and Australia are the two fastest growing importers. France has fallen in the last year. So imports are creating a big impact. South American Merlots have seriously impacted us. The Rhone varieties from California are another category that has become almost non-saleable because of Gallo's inexpensive Shiraz. It killed the market.

Wine Spectator follows the money

In the Foothills, what we suffer most from is lack of publicity and exposure. Nobody in the Foothills will send his wines to the *Wine Spectator* because these wines are used to balance the grossly inflated values that they assign to Napa because they can't have all their wines coming out with 93 or higher scores. They need a balance. First of all, the way the *Wine Spectator* tastes, and this is absolutely true, is not blind. Here's the way it works. They have their panel, but it's totally ignored.

The panel doesn't matter. Only two people matter, James Laube and Harvey Steiman. They're the ones who

are responsible for 99% of the actual scores. The panel is told that it is now tasting Napa Cabernets, which is a code that means the scores go from 88 to 100. They're next given a flight of Foothill Cabernets, and these can go from 78 to 88, and no other scores will be admitted. Never



once have they taken a mixed flight of Cabernets from California and tasted them together and let the best one fall out, because if they did that, they would lose control. It's totally phony because they know what to expect, and they know what scores will be acceptable, and they know that they'll be laughed at if they took a Foothill wine and gave it a high score. No Foothill winery in the history of mankind has ever scored more than 90 in the *Wine Spectator*.

You've got to follow the money. It's strictly economics. Napa is the heart and soul of their advertising base. They have to protect Napa. They have to promote Napa. If an unknown region like the Foothills came up with a Cabernet that scored higher than most Napa wines, it would be such a shock to the system that people would revolt against it. Lodi is coming on strong because they have banded together with their growers and have a million dollar advertising budget per year. And the net result is that they can get their story out.

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The net result of having all this money is these kinds of articles that we saw on Lodi. So my point is that objective and honest reporting brings forth the good wines, deserving of those kinds of scores, but you'd never ever see them in the *Spectator*. We don't advertise, so they don't waste space on us.

The thing about the wine business

The thing about the wine industry is that it's so multi-tiered. You start with the problems of growing, which is a totally separate occupation. Almost no winemakers are good growers, and almost no good growers are good winemakers. So you've got the whole operation of growing grapes, basic farming, keeping the plants growing, getting the quality up, making sure you have a clean useful product at harvest time. On top of that comes the winemaking, and that's highly technical now as opposed to back in the old days. The time when a person could spend a year as a home winemaker and then go commercial is long over. You need training, running the equipment. Doing all the things attendant to

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Prices include our newsletter and California sales tax, shipping extra.

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