

Big names may help Kenzo Estate winery thrive

Kenzo Tsujimoto overlooked no detail in creating his \$100 million Napa winery: He replanted 70 acres of vines with the finest grapes and turned to world-renowned chef Thomas Keller to create the tasting-room menu.

What he couldn't control was demand for high-end California wines. The industry is mired in its worst slump in at least 17 years, hitting wines above \$20 especially hard.

Still, Tsujimoto, chief executive officer of Japanese video-game publisher Capcom Co., is joining the scores of California vintners that have opened new wineries since last year, undeterred by the slump.

After tapping Napa's biggest names to craft the wine and build a state-of-the-art facility for visitors, Tsujimoto doesn't expect the industry's woes to keep customers away. The winery, called Kenzo Estate, opens Saturday.

"If I wanted to get 80 percent of the market share of wine, that would be a huge problem," said Tsujimoto, speaking through an interpreter, as he sat by the fireplace in the estate's pool house. "Of course, if you're going to go somewhere, clear weather would be nicer than pouring rain, but I'm going to go anyway."

Tsujimoto, whose company created the Street Fighter and Resident Evil games, is relying on some of the best-known people in the Napa wine business. In addition to Keller - the chef of the French Laundry restaurant - he tapped Heidi Barrett, who owns La Sirena Winery, as a consultant winemaker.

David Abreu, a viticulturalist who has worked for the region's top labels, is the vineyard manager.

Wine cave

The 4,000-acre property, which Tsujimoto purchased in 1990, is on Napa's Mount George and has two new fermenting rooms - one for stainless-steel tanks, another for concrete vats. There's also a cave for aging wine-filled barrels.

Electronic gates keep deer from munching on the grapes, and faint horse trails line the rolling hills. That's a remnant of the days when the site was a training ground for the 1984 U.S. polo team, says Michael Terrien, Kenzo Estate's general manager.

Abreu insisted on ripping out the property's existing vines, as well as digging up the top 4 feet of earth to ensure consistency in the soil, Terrien says.

"He realized to get David to sign on, to get him to really support the idea of working here, it was necessary to do this," Terrien said.

Tsujimoto chose Napa over other wine regions because Capcom's U.S. headquarters is in San Francisco, and when he retires, he plans to spend half of his time here.

"I'm not making the wine just to show off, or for status," he said. "The wine we can produce from here is comparable or better than French wines. That's why I decided on this place."

'Awfully tough'

The question is whether celebrities alone will spur drinkers to pay top dollar for a Bordeaux-style bottle of wine, says Pat Merrill, a wine-industry consultant. Kenzo Estate plans to charge \$60 to \$75 for its bottles, in addition to offering a few higher-priced wines.

"If you have names behind you like that, that could overcome a lot of people's resistance," said Merrill, co-founder and partner of Merrill Research in San Mateo. "At a \$75 price point, that's awfully tough, though."

Last year, shipments of California wine fell 1.2 percent, while the retail value of those shipments dropped 3.2 percent to \$17.9 billion, according to the Wine Institute in San Francisco. It was the first decline in shipments since 1993.

Crowded market

Even so, the number of wineries in California rose 4.5 percent to 2,972 in 2009, according to the institute, which represents more than 1,000 businesses in the state.

The competition is especially tough for higher-end wines, as buyers shy away from expensive bottles, says Bay Area restaurateur Bill Upson.

"There's virtually no market left for us for anything over \$40 a bottle," Upson, principal of Real Restaurants, which owns the Buckeye Roadhouse in Mill Valley, Fog City Diner in San Francisco and Tra Vigne in St. Helena, said at a Napa Valley Grap growers conference this month.

Glen Knight, a wine retailer who spoke at the same conference, was more blunt.

"For us, 2009 sucked," said Knight, the domestic wine buyer for the Wine House, a shop in Los Angeles with more than \$2 million in inventory. Reacting to consumers' desire for cheaper wine, the Wine House increased its bottles priced under \$20 by 87 percent, while cutting wines over \$100 by 26 percent.

Terry Hall, spokesman for the Napa Valley Vintners, isn't so glum. Citing Nielsen Co. data, he sees things picking up. Sales of standard-size wine bottles costing \$20 or more increased 13 percent to \$101.2 million during the 13-week period ending April 3, according to Nielsen.

"The market is better in 2010 than it was in 2009, that's for sure," said Hall, whose group includes almost 400 vintners.

Consumers also gravitate to winemakers they're familiar with, he says. That benefits Kenzo Estate, because the people involved in the project already have a track record, Hall says.

Barrett has made many of Napa's most coveted Cabernets, including Screaming Eagle and Dalla Valle. Abreu, a third-generation Napa native, has managed vineyards for Grace Family, Viader, Bryant, Harlan Estate and Spotts woode, earning him the label "grower to the stars."

Kenzo Estate

Tasting by reservation only

Address: 3200 Monticello Road, Napa

Phone: (707) 259-5408

Open: 10 a.m.-4 p.m., every day

Tastings:

- Four Kenzo wines (1 ounce each) with cheeses: \$30 per person
- Four Kenzo wines (2 ounces each) with charcuterie: \$50 per person
- The wine-paired lunch by chef Thomas Keller: \$60 per person