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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91189736
Party	Plaintiff Pizzeria Uno Corporation
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

PIZZERIA UNO CORPORATION, Opposer, v. FRANK M. BAROUDI d/b/a PURO UNO, Applicant.	)	Opposition No. 91189736

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PLEASE TAKE NOTICE that, pursuant to Rule 2.122 of the Trademark Rules of Practice, Opposer Pizzeria Uno Corporation hereby makes of record and will rely upon the following documents (Exhibits 16-A to 16-M), copies of which are attached hereto. These documents are relevant to the issue of likelihood of confusion, and particularly to the issue of the relatedness of wine and restaurant services. Pursuant to the TTAB's ruling in *Safer Inc. v. OMS Investments, Inc.*, 94 USPQ2d 1031 (TTAB 2010), these documents are self-authenticating.

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16-C	Abundant grapes: Glut encourages private-label wines – *Puget Sound Business Journal*	03/21/2004	10/20/2011
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They Put Their Label On The Table

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October 15, 1987 | By Chris Sherman of The Sentinel Staff

If you're ever stumped picking a wine, some restaurants have a new suggestion. Have a bottle of Bubble Room Premium White, Townsend's Plantation Red or pop a bottle of Champagne Lutece or Hyatt Cuvee bubbly from Domaine Chandon.

You probably haven't seen these wines before and won't find them listed in many wine books because they are private-label wines available only at the restaurants whose names they bear.

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Chances are that the French or Californian wine behind these labels is not a rare, super premium vintage, but it is almost always a cut above the generic bulk wine sold as house burgundy or chablis.

The wine used is usually a blend of good-quality grapes or sometimes a varietal made from a well-known variety like cabernet sauvignon or chardonnay. Yet the wines are designed to be pleasant and to sell for $10 to $15, a relatively low price on wine lists.

"The wine we're using is better than the regular house jug wine," said Katie Wetzel Murphy of Alexander Valley Vineyards, a Sonoma winery that makes both private-label wines and respected chardonnays and cabernets. "A good restaurant is not going to buy them and put their name on it if it's junk." Murphy said the private-label practice gives restaurants a wine no other restaurant in their area has, and allows the wineries to use their tanks and bottling lines during slow times.

The practice seems to be on the increase, said Mark Wimberly of J. Lohr Winery in San Jose, Calif., which makes wines for the Hyatt hotels and some special products for other clients. Most want good quality, he said. "Most want to go with a varietal, even if it's white zinfandel, although we still get some people calling looking for the cheapest thing available."

An imaginative waiter may imply that the restaurant owner has a few acres of vines -- and might have personally stomped the grapes -- but that is rarely the case.

In a few instances restaurateurs do own vines and pour their fruit at their restaurants. Paul Bocuse, Roger Verge and Gaston Lenotre, the French chefs who run several Orlando restaurants, have vineyards in various parts of France, and each chef produces several wines. Consequently, their restaurants in the French pavilion at Epcot Center and Paolo's in the Mercado shopping center have more than half a dozen wines bearing the names of the chef-owners.

In some cases, a winery will make a wine to the requirements of a specific restaurant or group of restaurants. J. Lohr red and white table wines, for instance, are blended for Hyatt hotels and sold only to them, although the winery's better varietal wines are sold in many restaurants and stores. The blends, a red of cabernet and gamay and a white of chenin blanc, chardonnay, riesling and sauvignon blanc, were chosen by Hyatt officials.

More often, private-label wines mean the restaurateurs have simply selected particular wines,

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purchased them in quantity, and emblazoned the bottles with their establishments' names. The wines often are available elsewhere but not under that label.The Hyatt Cuvee, for example, is Domaine Chandon brut with a special label.

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Although restaurant labels can be used to camouflage cheap "mystery wine," most restaurants and wineries do not disguise who made the wine or the wine-making process. The wineries often are well known and put their names on the labels, too.

The chief requirement of the winery is that the restaurant buy a minimum amount of wine, sometimes 50 cases but sometimes 500 cases, particularly if the wine must be shipped from France.

Whether the restaurant commissions a specific blend or buys a blank unlabeled wine, the private label often is the product of a special relationship, business or personal, between the winery and the restaurant.

At The Bubble Room, a novelty restaurant chain based in Orlando, house wines are the same Fetzer Vineyards table wines sold elsewhere, except for a colorful label with a note identifying Fetzer wines as the "personal house selection." The label is signed by the owners of the restaurant and winery. The red is a mixture of carignane, cabernet and zinfandel, aged in oak for ten months; the white is French colombard, chenin blanc and sauvignon blanc.

Restaurateurs Jamie and Katie Farquharson had used Fetzer wines when they founded the restaurant in Captiva and five years ago became the winery's biggest restaurant acounts. "We said, 'If we're serving that much of your wine, why don't you give us our own label?' They did," Farquharson said. Now he sells twice as much Bubble Room wine as other wines because of its souvenir appeal and $9.95 price.

Fetzer spokesman Dan Hansmith said the winery discourages special labeling except for longstanding customers like the Marshall Field stores and The Bubble Room. The restaurant and the winery are so close, Hansmith said, that "We all have Bubble Room T-shirts out here."

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Private Labels Get Some Respect

by Mort Hochstein

Back in 1991, the wine business was tanking and **David Coleman** at **Adler-Fels** winery in Sonoma was learning the bitter truth about the way to make a small fortune in this industry. So he shifted gears and began making wine for other people, under other names, and everything came up roses.

Until recently, Coleman was one of the smaller, less heralded players in the private label business. Then came the explosive arrival last year of **Bronco**'s Charles Shaw wines. Sensing that the catchy, popular nickname for the **Trader Joe's** exclusive, had great legs, Coleman made 10,000 cases of wine labeled Two Buck Chuck for **Beverages and more! Freddie Franzia**, the combative head of Bronco Wines, felt his brand had been usurped, and declared that he owned the name Two-Buck-Chuck. His attorneys demanded that Coleman cease and desist.

Other major retailers in California hopped on the bandwagon after seeing how the public stormed Trader Joe's for a $1.99 wine. The upscale **Raley's**, **Bel Air** and **Nob Hill** family of grocery stores now offer three $1.99 varietals marketed under the CA Arbor label, from **Black Oak Winery** of Healdsburg, complementing the premium Nob Hill brand. The CA Arbor Cabernet is an innovative mix of the 1998, 2000 and 2001 vintages from Monterey, crafted by winemaker **Dawn Sachetti** and Raley's wine director **Bob Jennings**. The primary Beverages and more! entry, apart from Coleman's one-time-only 10,000 case offering, is Pacific Peak, created at **Golden State Vintners** of Napa, one of the larger private label producers. **Safeway** is in the fray with **Sea Ridge**, another Franzia label. There are others out there jumping off supermarket displays or gestating even now in response to consumer pressure for bargain basement beverages.

The issue, worried industry observers ask, is how this clamorous thirst for cheap wines will affect wines in the $5 to $7 bracket, $8 to $12 and $15 to $20 ranges. It may, one specialist feels, increase demand for three-liter bag-in- box packages as customers explore other inexpensive possibilities.

Coleman estimates the whole cheap wine phenomenon will peter out in a few months as producers scurry to suck up California's wine glut. "I've seen bulk wine prices going up in the last few weeks," he reports. But all the attention to what may be only a temporary aberration obfuscates what is truly happening in the world of private label wine.

Until relatively recent times, private labels were not discussed with any pride--with cause. They were often leftovers, meant to be cheap and hardly the best representation of the anonymous wineries where they originated. Now, all the heavy hitters, from **E&J Gallo** to **Canandaigua**, **Windsor**, **Round Hill** and smaller entities such as **Au bon Climat** and **Qupe**, proudly say they are taking the quality route.

"The business has changed dramatically. We are producing high quality wines and developing formidable brands," said **Phil Hurst**, senior vice president for sales and marketing at **Winery Exchange** in Novato, California. "It's a trend," he continued, "that developed earlier in categories like private label clothing and appliances and it's happening now in wine. Once regarded as a second tier effort, the private label, with first class packaging and design, is now something people take pride in selling. We're producing wines that win prizes in competitions and that retail for as much as $20. We pay attention to packaging and take the time to develop a brand properly. We're not just making wine from somebody's excess production.

"The other trend," Hurst noted, "is in producing wine abroad. California supplies about 75 percent of our output, but the import category is expanding rapidly. Today we make private label wines in Italy and Australia and we're looking at other possibilities." The nationwide convenience chain, **7-11**, recently announced that in August it would begin selling its own wine under the Regions label, produced for the chain in Australia and Italy by Winery Exchange. While most companies such as Golden State Vintners, produce at their own facilities in California, Winery Exchange has led the way in outsourcing across the waters. Winery Exchange also produces a private label brand sourced from Australia called Ballantrae sold at **Costco**, America's leading fine wine retailer.

On the East coast, **Laird & Company**, best known for its Applejack Brandy, has long marketed private label spirits brands. It is now selling private wine brands for restaurant groups in New Jersey, and distributes Biso, an Italian brand, as an exclusive label for a limited number of retailers. It also sells a San Rocco label for Pennsylvania wholesalers. **Lisa Laird**, president of the Scobeyville, New Jersey-based firm, said Laird is developing private label sources in Italy, France and Chile.

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Further joining the overseas movement, the Connecticut and New York grocery chain, **Stew Leonard's**, has been scouting sources in Italy. New York-based wine buyer **Tony Bonavita** said the firm has been studying private wine label possibilities for its **Quarter Horse** wine shops for a long time and that he explored opportunities with Italian producers at VinItaly this spring.

Au Bon Climat and Qupe in Los Olivos produce 80,000 cases of wine annually. About 10,000 are private labels for upscale restaurants such as **Joachim Splichal**'s **Patina** group in California, **Roy's** of Hawaii and **Emeril** of New Orleans, and retailers **Wally's** of West Los Angeles and **Duke of Bourbon** in Canoga Park. "We developed the Roy's label wines primarily for wine-by-the-glass programs, working with **Randy Capraroso**, who's now a distributor and producer on his own. Joachim Splichal came to us several years ago," said general manager **Jim Adelman**, "and said he wanted to erase the misconception of private labels as second class. We've worked with him to develop a group of wines to match the quality of his food at Patina."

Differing state regulations limit the mass marketers from selling wine in all their outlets. "While 35 percent of domestic wine sales take place in supermarkets," said **Brian Sharoff**, president of the **Private Label Manufacturers Association**, "only 22 states allow mass merchandisers to sell wine." Sharoff contrasts those figures with England where mass retailers own a 60 percent market share and France where the figure is well over 50 percent of the winemarket.

Figures from Information Resources Incorporated show that sales of all private brands, including wine, were $41.9 billion in 2002, against $40.9 billion for the preceding year. Private label dollar market share in supermarkets, though less than half of 1 percent of the category's total dollar volume of nearly four billion dollars, rose 0.1 percent in 2002 over 2001. Sharoff expects supermarkets, drug chains and other mass merchandisers to take a larger share in the years ahead. "The big American retailers have huge marketing potential and with some 2,600 brands on store shelves," he observed. "The consumer is desperately looking for guidance. It doesn't require any genius," he declared, "to see that the mass marketers will be the primary wine sellers in the United States in the next five years."

There are private label wines and there are controlled brands and exclusive brands and the distinctions often blur in the marketplace. **Cedric Martin** of **Martin Wine Cellar** in New Orleans, is an enthusiastic marketer of private labels, both with Los Vacqueros, whose label was designed by Coleman, and as distributor for other Coleman labels such as Leaping Lizard and Dixons Mill, and Curran Creek, from the **Wine and Spirits Guild**, whose regional sales he controls. "Prices on name brands are so competitive," he argued, "that there is no margin for profit. You have to find products that you can make money on. It's not that difficult to enter the business, but you've got to have a good source for wine and be able to buy in bulk on a consistent basis. Getting into this business has been the best thing we could ever do. We've shown our accountants we can make money for the company with controlled wine and private labels."

Kenny Friedman, president of the **Bottle King** in Livingston, NJ and its ten store buying co-op, was the retailer who put David Coleman into the private label business in 1991, when he came to Sonoma seeking to develop his own brand. "I visited one of the upper-echelon California wineries on my last trip and one of the young hand holders said to me 'You're in for a treat, you're going to taste our newest Cabernet, just released, and the supply is very limited.' I got a kick out of that because two weeks earlier, I'd bought 5,000 gallons of it. We have about 60 private labels as well as exclusive labels that are distributed nationwide. Often we get retailers in New Jersey asking if they can buy our exclusive labels because they see the advantages of exclusivity. If you know what you are doing, you can buy great wine. The key is not to sell at $30, but to give the customer a $30 value for $10. You own the customer if they want that quality."

Among the major players, Gallo supplies an Alcott Ridge line to **Wal-Mart**, Accents to **Kroger** supermarkets and Timberwood for **Albertson's**. From its four facilities in California wine country, publicly held Golden State Vintners deals with major outlets such as Safeway, Trader Joe's and Albertson's. GSV works in huge numbers, seldom producing fewer than 10,000 cases annually for its clientele.

"Some people may have problems with private label production, but not us," Coleman proudly declared. "We're not a winery selling off excess product to keep our prices high. Our function is to produce private label wines. It's what we do, our primary focus. We get great juice in times like these because wineries can't sell it all at the price levels they need to maintain and in other times because they have juice that doesn't fit into their blending plans. So we can put 5, 6, 8 or more Cabernets together to make a good wine.

"The wineries benefit because they can sell their excess juice. I benefit because I make money. Our retailers benefit because they're not paying heavy charges to distr

Mort Hochstein has written for leading wine journals and trade publications including Nation's Restaurant News.

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Opposition No. 91189736

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This was printed from Puget Sound Business Journal

Abundant grapes: Glut encourages private-label wines

Puget Sound Business Journal , Staff Writer

Date: Sunday, March 21, 2004, 9:00pm PST - Last Modified: Thursday, March 18, 2004, 8:11am PST

Leonard Rede, chef and co-owner of Sapphire Kitchen & Bar in Seattle's Queen Anne Hill neighborhood, likes to give his restaurant a personal touch.

So when a small winery in Eastern Washington approached him about producing an exclusive wine for his restaurant, he readily agreed -- and Lenny's Favorite Red was born.

For Rede, the private label is more than just a vanity project. It's a way to take advantage of the abundance of moderately-priced wine on the market to create a unique product for his restaurant.

"There's lots of really good juice out there," Rede said. "There's all this wine being produced and not enough people to buy it."

A growing number of Puget Sound restaurants are partnering with wineries and distributors to create their own wines.

For restaurants, a private-label wine carries a certain prestige as well as a potential for big markups. For wineries, private labels are another way to market their wine in an intensely competitive market.

Washington wines face stiff competition from California wines as well as cheap imports from places like Australia and South America.

California, which produces more than 90 percent of U.S. wines, increased its wine-grape acreage by 43 percent between 1990 and 2002, while domestic consumption grew only 17 percent, according to the San Francisco-based Wine Institute. That created an oversupply that sent the price for some acclaimed bottles under $10.

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It's that price pressure that's leading many wineries to seek out restaurants as partners, industry watchers say.

"The competition with out-of-state and out-of-country wineries is rather huge," said Myles Anderson, director of the Center for Enology and Viticulture in Walla Walla. "Each of us need to have a niche market."

A restaurant can order private-label bottles directly from a winery or through a distributor, who buys excess bulk wine on the commodities market, bottles it and labels it to a restaurant's specifications.

Sapphire Kitchen & Bar developed Lenny's Favorite Red, a blend of syrah, grenache and cabernet, with Syncline Wine Cellars, a small winery in Washington's Columbia River Valley.

The restaurant also bought a barrel of limited-edition chardonnay from Torii Mor, an Oregon winery.

"I like to carry wines from smaller producers," Rede said. "They're boutique wines, and we're a boutique restaurant. There's a synergy involved."

Sapphire has also gone the bulk wine route. Several years ago, it ordered a private label wine from a St. Hilaire Cellars, a distributor based in Yakima Valley, which bought bulk red wine from Eastern Washington and bottled it for the restaurant as Mosaic, a blend of cabernet and merlot.

"This is another way to sell some wine than otherwise probably wouldn't be sold," said Gary Jackson, owner of St. Hilaire. "The market is pretty saturated."

Jackson said the labeling is a critical. Not only does a private label impress customers, it can mask the identity of the wine and keeps people from questioning the price, which restaurants typically mark up.

"You want to avoid 'Gee, I saw that before in Trader Joe's,' " he said. "It hides the price so price doesn't become a consideration and make people mad."

Hogue Cellars, a winery based in Prosser, Wash., produces private-label wines for 10 clients, including Anthony's and Salty's restaurants in Seattle. The winery recently added Clearwater Casino and the Davenport Hotel in Spokane to its client list.

Private labels make up only 2 percent to 5 percent of Hogue's overall sales, but the private-label business is critical for exposure in a highly competitive market, said David Forsyth, Hogue's director of winemaking.

"It may be a small amount of our sales, but it's about developing relationships with these restaurants," Forsyth said. When shopping around for private labels, restaurant owners and staff come to the wineries for tastings, and winemakers get a chance to show off the full range of their wine products.

"It's a very visible part of what to do," Forsyth said.

Restaurants Unlimited Inc., a Seattle-based restaurant group, recently began offering a private-label white wine blend from Alsace, France, at its 31 restaurants, which include Palomino and Kincaid's.

Don Adams, the group's executive vice president, said he's now looking at developing a private-label red wine with a Chilean producer.

"The value for the money down there is very, very good," Adams said of Chile. "Their production is so large. People don't realize how much grape is being produced down there."

Some industry watchers say the private-label trend is cyclical, waxing and waning with the market conditions.

"It goes up and down with the supply of grapes," said Vic Motto, a wine business consultant with MKF Group in Napa Valley, Calif. "The wineries will go out and promote this to restaurants in a period of oversupply."

While restaurants make up a large part of the private-label market, other businesses have commissioned their own wines, including country clubs, cruise ships and even the Seattle Seahawks.

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November 14, 2006

Private Label Brands Grow by 30% in Last Year

Sales of private label wine brands are growing, and the category looks to be a significant portion of the market in the future. In the ACNielsen-tracked sales channel*, private label brand sales have grown 30 percent in the 52 weeks ending September 23, 2006, on top of 18 percent growth over the same period in 2005. By contrast, branded wines have grown 10 percent in the 52 weeks ending in 2006, and 9 percent in the preceding year.

Still, it's important to understand how private label wines actually fit into the overall marketplace. Currently, private label sales account for about 1.4 percent of the grocery store wine market, roughly the same size of the Chilean wine or Chianti segments. Off of such a small base, high growth rates are much more easily achieved.

"Private label wine sales continue to grow well in excess of non-private label wine sales, which in themselves are healthy," said Danny Brager, vice president client service at ACNielsen. "This is on a relatively small base, certainly when compared to the private label share in many other categories outside of the beverage alcohol department. That fact alone, together with the higher margins offered by these products, likely signals opportunity to many retailers."

However, there is much more to the private label story than what can be seen in the grocery store channel. As accurate as the ACNielsen data is for the food store channel, it has some limitations. First, it does not track the on-premise category, which is a major outlet for private label brands. Secondly, sales at stores outside of the food store channel are excluded, including Trader Joe's, Wal-Mart, Target and Costco Wholesale.

John Crean, CFO and vice president of business development at WineryExchange, a global supplier of private label wine brands, estimates that the U.S. market is far larger than the ACNielsen figures suggest. "When we got into the [private label] market here seven years ago, we thought the market was about .3 [of the total wine category]," said Crean. "Now it's somewhere between 3 percent and 5 percent, which includes the house, merchant and control brands. We think the growth will continue to outperform the branded segment for some time."

Given that private label wines will become a much larger part of the American wine landscape, traditional, branded winemakers are going to have to decide how to private labeling fits into their business model.

"Private labeling will probably end up between 20 to 50 percent of the business," predicted Crean. "It may be something [traditional wine companies] do not focus on, but this is going to be a part of the business."

Private label brands create the opportunity for a retailer to build trust and loyalty with a consumer. The goal for a retailer is to create a private label brand that consumers feel over-delivers on quality for its price point, who would then seek out that brand when making later wine purchases. The retailer then benefits because of the positive association consumers have with the brand and, by association, the retailer itself.

Although private label wines are already competing at several different price points, many in the wine industry feel that private labels will be most successful at the lower end of the market. It is anticipated that within the next five to ten years, private label brands will have a significant impact on the wine category, especially at the value and fighting varietal price points. However, premium, super-premium and higher price points will continue to be driven by branded wines.

According to the ACNielsen data, private label brands sell at an average price point of $4.64, 15 percent lower than the average branded wine price of $5.47. "However, more than half of the exclusive label brands examined had an average price exceeding that $5.47 category price," said Brager.

Annette Alvarez-Peters, assistant general merchandise manager<\m>corporate wine, spirits, beer at Costco Wholesale, indicated the company's house wine portfolio ranges in both price and geographic origin. The Kirkland Signature brand uses small lots of fruit, creating the opportunity for an ever-changing mix of wine for consumers. Kirkland Signature has carried price points from $9.99 to $37.99.

"It seems many companies are doing private label; from what we know, we are one of the very few doing super- to ultra-premium wine," said Alvarez-Peters. Costco is also not afraid to go even higher on their price points. "We [might even] look at super-ultra premium. If the right opportunity from a high-end winery came up, to make a $75 bottle of wine under Kirkland Signature, we most certainly would take a look at it."

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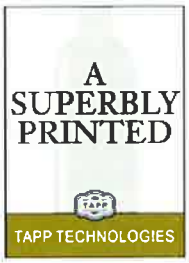

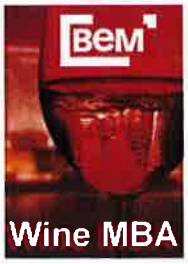

Geographically, Costco sources fruit from all over the globe. They have sold wines ranging from Australia's Barossa Valley Shiraz, Oregon Pinot Noir, Napa Valley Cabernet Sauvignon, Super Tuscans from Italy and a range of wines from Bordeaux in France. "When we seek out a private label, we are looking for quality juice. There is a lot of juice on the market<\m>from low end to super-premium," said Alvarez-Peters.

The increasing globalization of the wine industry will have an impact on private label wines. Even when one wine region is short on supply, there are other regions in the world that are experiencing a grape glut. "If we ever come into a tight pricing cycle again in the California wine industry, I think that the affordability and quality of imported wines is going to put a damper on that," said Crean.

"The theory is, the greater the supply the more inclined producers will be to consider private labeling," Crean continued. "On the retail side, if the retailers are demanding it, regardless of where we are in the market cycle, you will see growth because that's what the marketplace wants to do."

Look for the full Private Labeling report in Wine Business Monthly*'s December issue. Don't have a subscription? Click Here!*

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Opposer's Exhibit No. 16-E

Wine Time

Not Quite Nascarbernet: Private Label Wines from Perry's Steakhouse & Grille

By Keith Plocek Mon., Jun. 23 2008 at 3:38 PM
Categories: Wine Time

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When I heard that locally owned Perry's Steakhouse & Grille (9827 Katy Freeway) was debuting its own private label wines, I couldn't help but be reminded of when Wal-Mart announced the launch of a line of private label wines, set to sell for $6-7 per bottle, a few years ago. The late-night comedians and the online community had a field day coming up with the brand names Wal-Mart should have used. Winning entries included such classics as Nascarbernet, Peanut Noir, Chateau Trailer Parc and best of all, Nasti Spumante.

But the similarity soon ended, since Perry's are quite upscale. It is $13 a glass, or $52 a bottle, for Perry's Napa Valley Chardonnay, and $16 per glass, $64 per bottle, for its Napa Valley Cabernet Sauvignon. "We are the only locally owned steakhouse with a private label wine selection," says Perry's corporate sommelier Susi Zivanovic. "We are at a point in our development that we have sufficient purchasing power to be able to do this. A smaller establishment just couldn't afford to do this." Well, cheers. - **Paul Galvani**

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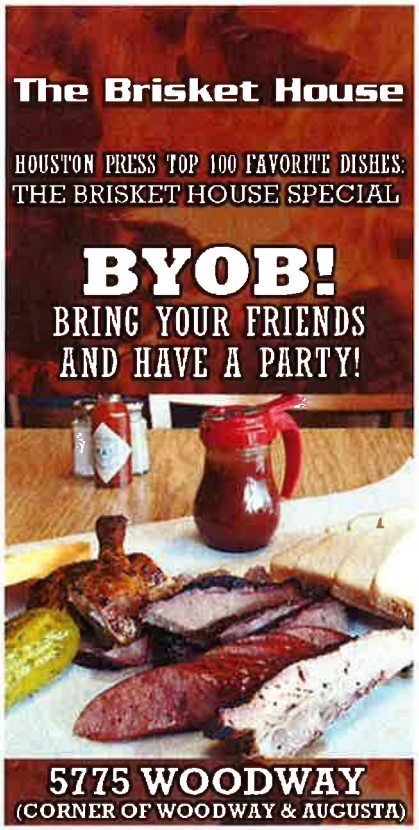

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Private Label Wines Take on a New Role

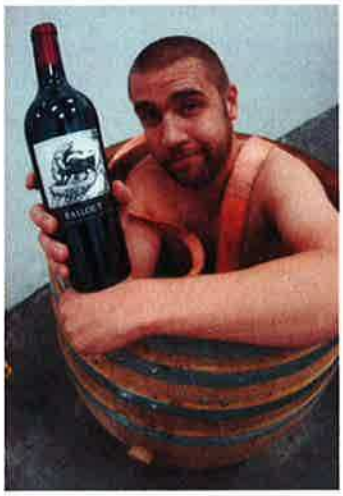
Once seen as bargain basement, restaurants' branded wines now offer a new window on value.

by Liza B. Zimmerman

House wines used to have a bad reputation. They were perceived as the Hearty Burgundy of the on-premise. They used to come out in thick-rimmed carafes, and wait staff could rarely tell you what was really in them. The combined effects of the state of the economy and many establishments' desires to take branding to new heights have helped put these once poorly respected wines in a new light.

Private label wines seem to divide into two categories: the high-end branding concept and the value proposition. Interestingly enough, neither one may bear the name of the restaurant that created it. Both at the expensive and affordable ends of the scale, most restaurants seem to want to sell these wines under unique proprietary labels or vineyard designates. The on-premise sector was probably quick to conclude that while customers might buy private label bleach, they might not be so keen on a wine that could seem generic.

According to 2006 **The Nielsen Company** data, private label brand sales had grown 30 percent in the 52 weeks ending September 23, 2006, on top of 18 percent growth over the same period in 2005. Nielsen has yet to update its figures, but vice president and group director for beverage alcohol **Danny Brager** said that the private label "business is growing, and the economy is helping it more." He added that the category is also not necessarily viewed as an inexpensive one and that there are many wines available at different price points.



Custom crush facility Crushpad's marketing director Noah Dorrance promotes one of his company's new brands. Photo: Jenny Doll

It's hard to estimate how many private label brands are on the market. **Phil Hurst**, senior vice president of sales and marketing and co-founder of the Novato-based **Winery Exchange**, one of the world's largest private label producers, said that there must be at least a couple hundred private labels in the on-premise sector nationally.

San Francisco custom crush facility **Crushpad** has produced 125 commercial brands with multiple labels and more than one thousand labels that have been approved by the **Alcohol and Tobacco Tax and Trade Bureau** (TTB) in the past four years, according to **Noah Dorrance**, director of marketing.

Keeping a Low Profile

Some restaurants have recently moved into private label wines as a very low-key way of involving beverage staff in the creation of product, in a hands-on way that often mirrors the way chefs are involved with the food. **Raj Parr**, wine director of the 16-restaurant, San Francisco-based **Mina Group**, has been involved in blending a select line-up of private labels for four years. He makes six different wines under the **Parr Selection** label, priced at approximately $100 to $200 a bottle at the restaurant.

Americano, the Italian-influenced restaurant in the San Francisco-based, 200-room **Vitale** hotel, part of the 32-location **Joie de Vivre** hotel group, has also been involved in the launch of a line-up of three, locally-produced California Syrahs. One is from Carneros, the other two are produced in Santa Barbara, and all three cost $65 to $75 on the list. They are clearly, even in a depressed wine market, not meant to be the bargain selection of the list. "We can't do the kind of quantity that most wineries do to keep the cost low," explained food and beverage director **Matthew Stuhl**. "We aren't using it to make a great deal of money ... [however marketing these wines] is a way to tell our story."

Stuhl made the Americano house wines in conjunction with Crushpad, and they are only on offer at Americano (and not any of the hotel's other properties). He noted that these wines are "more of a novelty as we only have 28 cases." The wine line is called the Dreamer, and it is not officially marketed as a private label. "If we start off saying it's a private label wine, they may think it's an

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Americano restaurant in the Vitale hotel makes three California Syrahs in very small quantities. The wines are made locally at Crushpad and are only available at Americano. Photo: Matthew Stuhl

inexpensive wine," he said, harkening back to the days of mysterious house wines.

Preserving a Tradition

At **Lawry's Restaurants, Inc.**, with six locations in six states, private label wines have been part of the line-up for close to 20 years. According to Pasadena, California-based president of operations **Bryan Monfort**, the prime rib house now serves a private label Cabernet Sauvignon, Merlot and Chardonnay. The Merlot is the newest varietal, added about 10 years ago.

The model for Lawry's private label wine program was the wine blends that were served in carafes in the 1980s. These new single varietal wines are more upscale and reflect diners' interest in ordering wines by region and grape. "It was a natural evolution from carafe wine," explained Monfort. "We evolved from bulk-blended wines with no varietals to offering varietals and then to offering higher-end varietals." Many of Lawry's customers may not know a lot about wine, so "our customer base has really depended on us to choose a quality wine." Hence, this explains the establishment's interest in and support of its own label.

Lawry's Restaurants have been producing private label wines for close to 20 years, according to president of operations Bryan Monfort. Photo courtesy of Lawry's Restaurants

Unlike the low-production, higher-priced boutique offerings at Americano in San Francisco, private label at Lawry's has historically represented "a big part of the business," according to Monfort. The wines are priced at around $28 a bottle, $7.50 by the glass and account for approximately 25 percent of the restaurant chain's total wine sales.

The private label varietals are on all Lawry's locations' wines lists and are one of the restaurants' least expensive wine selections. Monfort added that customers who choose these wines may be a little intimidated and are often value- and price-oriented. "We absolutely want to offer our guests good value and price points," he said, noting that the private labels are "great introductory wines." These also represent and support that same value proposal Monfort believes that guests seek out and find on his restaurants' menus.

Offering fair pricing on food and wine is something Monfort thinks particularly suits the current economic climate. "People will be looking more to the restaurateur and saying, 'Hey, give me value.'" As a result, Monfort does not think his wine list is ready to plunge into higher price points on private label, such as $50 or $60 a bottle.

Andrea Gonzmart: The Columbia Restaurant group makes both a California and a Spanish private label wine. Photo courtesy of Columbia Restaurant

Accessible Wines

Private label offerings allow restaurants to offer their guests house-sanctioned wine choices while promoting regions and brands that strike a chord close to home. "We wanted to honor our founders and put our name on a good wine," said **Andrea Gonzmart**, a fifth-generation family member of the six-location **Columbia Restaurant** Spanish venue, based in Tampa, Florida. The restaurants have featured four different California wines and two Spanish ones since the early 1990s.

The California wines are a Cabernet Sauvignon, Merlot, Chardonnay and a White Zinfandel from **Rutherford Ranch**. The two Spanish labels are a Crianza and a Chardonnay, from Ribera del Duero and Penedès respectively. All six wines are carried in all of the restaurants' locations, and the California varietals price out at $26 a bottle and $6.50 a glass while the Spanish wines cost $36 a bottle and $8.95 a glass. The Spanish line is named after the family's founders **Adelita** and **Don Cesar**. Gonzmart added that the restaurants' private label sales probably account for more than half of their total wine sales.

The house offerings are price-friendly and often an easy choice for customers who may not be that familiar with wine, noted Gonzmart. "People want to order wine and not be intimidated." She adds that while these wines may be among the most competitively priced ones on her list, the restaurant does not subject them to higher mark-ups than the more expensive wines, which is typical for most restaurants' price structure.

She added that "they are very easy to drink, smooth and they pair well with food. So it's an easy match for our servers, who feel comfortable suggesting them."

What Lies Ahead

Private label is clearly evolving to new territory--from an affordable way to market easy-to-drink and potentially generic wines to the masses in the 1980s to house offerings that now epitomize the cost structure and wine perspective of the restaurant.

Wine directors' ambitions range from offering high-end and allocated new wines to listing affordable wines that are also closely focused on the house brand. These brands represent both a way for restaurants to guide regular clientele to comfortable selections as well as help them expand their horizons. More than anything, they all seem to be offering unique wine profiles at an accessible price in a tough economy where everyone is looking for something new that they can trust. **wbm**

Liza B. Zimmerman Liza B. Zimmerman is the San Francisco-based principal of Liza the Wine Chick, a wine writing and consulting firm. She is also the wine columnist for the San Francisco Examiner.com. She also served as managing editor of Market Watch, associate editor of Wine Enthuslast and associate editor of The Magazine of La Cucina Italiana.

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Private Label Wines

By Erin DeWitt
March/April 2010

The notion of house wines, which used to be that they were somewhat inferior, has drastically changed in recent years. A unique addition to your wine list, private label wines give your customers the opportunity to experience complex new flavors along with a sense of exclusivity. Interestingly, the experience of purchasing private labels or creating your own can be as diverse as the wines themselves – where the grapes come from, who made the wine and so on. House wines are holding their own on the wine list for a variety of factors, such as the new outlook on smaller vineyards and lesser-known winemakers.

Fleming's Prime Steakhouse has been working with private labels for some time. "We make our own wine in partnership with a different winery each year under the Forty-Six Diamonds label." Says Marian Jansen op de Haar, Fleming's Director of Wine. "Our first year partnership was with Flora Springs on a meritage blend (Cab-Merlot-Cab Franc etc.), the second year we did it with Georges Duboeuf -this was a Pouilly-Fuissé (chardonnay) from the Macon region in France. This year we have a Pinot Noir from Carneros that we made with Folio which is Michael and Rob Mondavi Jr.'s new company (we made it with Rob and their winemakers)."

But choosing a winery is a process in itself. "We look for a partner and a varietal with which they have special expertise," continues Jansen op de Haar. "In other words, we know the grapes were grown in the right place, we know the winery/winemaker is very adapt with this varietal and we like the style of their wines. Together we make a wine that fits Fleming's and their style."

Private label wines can do more than compliment a restaurant's menu, though. With a delicious house wine, the establishment can lay claim to that bottle and its accolades. "I think that private wine labels are great because it is another form of advertising for the restaurant or venue," says William Lewis, Sommelier and Managing Partner for the Winery Restaurant in Tustin. "If the wine is any good your establishment gets the credit for it. You have yet another way to advertise the restaurant." So what makes for a satisfying house wine? "I look for good to above average quality wine when doing a label," says Lewis. "I also look for a good price point as the wine would be considered a 'house' wine. I also look for a meritage or blended red that everyone would like."

Private label wines are "a great marketing tool, especially at outside events, gift baskets, etc." adds Steve Ebol, Sommelier for Antonello Ristorante in Santa Ana. However, restaurants best not underestimate their customers. "If the wine is just average at best, it sends a bad signal to the consumer," Ebol points out. "Folks are much more wine savvy than in days of old."

"Many years ago we did a 'private label' from a wonderful winery in Paso Robles. It was a wine 'lot' selected by us and for us. It was a great wine for our family of restaurants for over 10 years," continues Ebol. "Currently we are happy to offer a trio of wines from Piemonte Italy, hand selected by Antonio and myself, each wine created to our specifications. The Il Solito Vino line launched almost three years ago and has been a wonderful marriage of a childhood winemaking friend of Antonio and Antonello Ristorante. By having 3 wines in the line, we can suit most any palate."

However, it may be a wise decision to select a winery on U.S. soil for now. "Because of the 'upside down' dollar to Euro right now, these actually become more costly than originally predicted many years ago when I first started researching the project, and the dollar was much stronger. Thank

goodness we bought so many cases when we did," says Ebol. "A word to the wise: go domestic until the dollar regains strength in Europe!"

Poor economy aside, these wines are doing relatively well from a sales standpoint. "Private label wines have been my biggest type of wine that I receive reorders for," says wine sales consultant Susan Lynn Bartoletti. "I have been in the wine business for 20 years. Once an establishment begins using private label wines, they always reorder."

Along with serving private labels on the menu, some restaurants are also selling wines as retail. It's a lucrative way to increase revenue as well as exhibit the bottle of wine, making it available to the public. Beverage licensing attorney Michael Cho reveals that any restaurant that sells wine with dinner may also sell it to take home. "All on-sale premise licenses include the right for accessory off-sale," says Cho. "For example, an on-sale beer and wine license or on-sale beer, wine and distilled spirits will allow the licensee to sell beer and wine to go (distilled spirits cannot be sold to go)." However, Cho mentions that there is an upside and a possible downside to a restaurant selling wine retail. The benefits are "additional profit center and marketing if combined with a winemaker event (dinner/tasting); it also sets the restaurant apart from most that do not sell to go," he says. The possible negative aspects? "Restaurants have to carry additional inventory in these challenging economic times, and winemaker dinner participation is down so pricing becomes very important."

Though probably no one knows more about the business than Paul Kalemkiarian Jr., wine and spirits retailer, and son of Paul Kalemkiarian Sr., founder the original Wine of the Month Club in 1972. Since helping with the family business as a teenager, Kalemkiarian Jr. now runs the operation and has watched first-hand as the world of private labels has broadened immensely.

"The primary reason for entertaining private labels is value: quality versus cost," states Kalenkiarian. "If done correctly, you can either decrease your costs and maintain the level of quality you are providing, or raise the level of quality for your current spend. The primary con is that you need to make volume commitments that you otherwise might not make, and that you have a whole logistical issue with timing and delivery. Depending on the arrangement and how involved you want to be, it could be as simple as just creating the label and leaving the rest to the winery or it could be as complicated as acquiring your own winery license and actually crushing grapes and making the wine from the beginning. Most consumers know you don't own a winery and it is important not to try and fool them. However, if you brand a wine that is not related to the restaurant name, you could actually develop a following and create a brand."

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Private-label wine flows onto menus

Casual-dining operators capitalize on novelty factor, high margins

June 9, 2010 | By Ron Ruggless

A growing number of casual-dining chains are going into private practice when it comes to augmenting their wine lists.

Over the past few months, both Maggiano's Little Italy and P.F. Chang's have popped the corks on private-label wines, joining the ranks of upscale steakhouses like Ruth's Chris and a number of high-end independents and hotels that have been offering them for several years.

The emerging trend toward showcasing proprietary-label wines offers a number of advantages for chain operators, expertssay, not the least of which is the ability to enjoy a higher profit margin on bottle and by-the-glass sales.

Showcasing private-label varietals also enables operators to further differentiate their brands from the competition, they add.

"A lot of hotels have created private-label wines," said Angie Eckelkamp, a marketing manager who works with Maggiano's beverage innovation team. "Restaurants seem to be moving that way."

Eckelkamp helped bring the private-label Salut Amico wine to all 44 U.S. units of the Brinker International brand in April.

"It's a unique, signature offering that's kind of special to offer to our guests," Eckelkamp said. "We had talked a long time with Constellation [Brands Inc., the wine company based in Victor, N.Y.] about creating a signature wine specifically for Maggiano's. We wanted to give our guests a unique offering."

A private-label wine works especially well for an upper-end concept, said Eileen Fredrikson, partner in the Gomberg, Fredrikson & Associates consultancy in Woodside, Calif.

"Wine is a part of the ethos of the place," she said.

David Henkes, vice president at the Technomic consultancy in Chicago, said house wines were included in 49 percent of wine occasions in the fourth quarter of last year, up from 43 percent in the fourth quarter a year before.

"It's certainly something the consumers are demanding," said Henkes, who is Technomic's on-premise practice leader. "Because it's a survey, we don't get into a lot of the 'whys' about it. But clearly it's a value perception. There's a perception in the mind of the consumer that house wines are a better value."

The deep economic downturn has led customers to either cut back on wine purchases or buy down to lower-priced offerings, such as more moderately priced house wines of all sorts. As the recession headed toward its depths in late 2008, wine purchases took a nosedive, Henkes observed.

"Those who were drinking were much more value-conscious," he said. "You are seeing the chains respond to the value perception."

An advantage for restaurant operators of offering private-label wines is that it allows them to offer guests a differentiated sort of experience.

"The more sophisticated wine drinkers may be comparing labels, or varietals or types of wine to what they are buying in a [retail] store or other restaurants," Henkes said. "What this does is give consumers an opportunity to get something they can't get anywhere else."

Some psychology also is at play. Private-label wines have no "street pricing," so the chain can set the prices to benefit the house.

With no reference points, Henkes said, it "prevents consumers from doing that sort of mental comparison in their mind that says this should be X dollars, and it allows the restaurant operator a little more leeway in terms of what they can charge and how they position that wine."

Jonathan A. Gelula, president of KDM Global Partners LLC, creates proprietary-label wines for hotels and restaurants. Besides higher profit margins for both wines-by-the-glass and bottle sales, the private-label wines help ensure against "sticker shock" — especially valuable in weak economic times.

"When customers recognize a brand on a restaurant's wine menu and see that the restaurant is earning upwards of a 300-percent margin on that bottle, this creates dissonance," Gelula said. "No restaurant wants to alienate its clientele, especially during a recession, where business is already down. The margin earned by the restaurant on its own private-label wine is not transparent — i.e., the restaurant may be earning an even higher margin, but only the owner knows since that bottle is not available for sale elsewhere."

Gelula also said it helps accentuate a restaurant's brand, cultivating customer loyalty for both food and wine.

For four years Ruth's Chris Steak House has been offering a private-label Parducci Pinot Noir. Last June, a spokeswoman said the 117-unit high-end chain added Mendocino Fog Cabernet, Chardonnay and Merlot and then in August 2009 a proprietary Fess Parker Red Blend.

Maggiano's decided to work with the Italy-based Ruffino, with which it had teamed in the past to showcase exclusive wines.

"The process took a little over a year," Eckelkamp said. "We're an Italian concept, and Ruffino is an Italian winery, so it fit perfectly."

Maggiano's team started to talk with the winery back in March 2009. It conducted tastings, held a contest to name the wine, created the copy and label, and forecast sales, and then Constellation worked with Ruffino and distributors to get the wine into the U.S. locations. The wine appeared in U.S. Maggiano's stores this past April, more than a year after the process began.

Eckelkamp said Maggiano's marketing team developed the label and copy that went on the wine, called Salut Amico, which means "Cheers, Friends."

Maggiano's has 87 wines on its list, and Salut Amico got a marketing bump for its debut with table tents and special events. "Sales have been really nice," Eckelkamp said. Margins, she added, "have been in line with our other wines."

P.F. Chang's China Bistro introduced its two private-label wines in April: a Sauvignon Blanc and a Syrah blend. They are merchandised under the label Vineyard 518, said P.F. Chang's, which noted that 518 in Chinese numerology means "I will prosper."

P.F. Chang's, which operates 197 bistros, worked with Wattle Creek Winery in Mendocino, Calif., to make the wine especially for the Chinese-based menu.

"The fruit for Vineyard 518 comes from the Yorkville Highlands appellation in Mendocino, a high-altitude, coastal growing region that offers full varietal expression as well as crisp, refreshing balance," the company said. The wines are priced at $4.50 for a half glass, $7.50 for a full glass and $15.50 for a half carafe, the company said.

Maggiano's new wine already has developed fans among customers who, while pleased that they can order Salut Amico in the restaurants, find themselves a little disappointed, too.

"Some of our guests have asked us if they can buy bottles in the restaurant and take them home," Eckelkamp said, "which is not legal in any of our states. So it's a very unique offering."

Contact Ron Ruggless at rruggles@nrn.com.

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Private Label Wine Broadens its Base

In tough economic times, more restaurants are using house-branded wines as promotional and value-driven sales vehicles.

by Liza B. Zimmerman

In a move to cater to consumers who are eating out and spending less, many operators are jumping on the private label wine bandwagon. Working with both domestic and foreign producers to create a series of unique offerings gives wine directors greater flexibility to serve an exclusive product that represents great value and pairs well with the food.

Many of these wines hail from California, allowing hands-on local sommeliers to easily get involved in the production process. They range in price from among the least expensive selections to the mid-range, all intended to offer a well-priced brand the guest can trust. According to annual **The Nielsen Company** data ending on January 9, 2010, the total category volume of private label and exclusive wines has grown by a base of 3.3 percent for table wine on private and exclusive labels. This is a much more significant increase than private spirits have experienced in the same time period, based on an even smaller percentage from last year.

"As restaurants become more specialized and concentrated on their products and ingredients and the place of origin, they are also concerned with the finite control of the quality of their wines. Private labels assure them that chance," said sommelier **Tyler Packwood** of **Trummer's on Main**, a modern American, one-location restaurant in Clifton, Virginia. The restaurant features two Virginia wines, a Chardonnay and a Cabernet Sauvignon, priced at $8 to $10 a glass and $32 to $40 a bottle. He added that the home-grown appeal of these wines was essential, as "What is more local than a winery that is literally right down the street?"

Trummer on Main

House brands offer restaurateurs greater control of the final product and allow them to offer a better price-value ratio. "In these economic times, it is not always feasible to order pricier bottles. We wanted to offer bottles between the $30 and $40 range, which according to our own internal data is the most accessible price point to all our guests," explained **Edithann Ramey**, **Maggiano's Little Italy**'s director of marketing. The 44-location Italian restaurant group is part of Dallas-based **Brinker International Restaurants**. "Creating private labels is a hot trend now," she added. Maggiano's features a Ruffino Cabernet Sauvignon and Sangiovese blend called Salute Amico (which means "hello friend" in Italian) that was introduced this year at $8 a glass and $32 a bottle.

Maggiano's is only one of several major chains to jump on the private wine boat. The 199-location, Scottsdale-based **P.F. Chang's China Bistro** Asian restaurant launched its Vineyard 518 line, which means, "I will prosper" in Chinese numerology, in May. The current wines come from **Wattle Creek Winery** in Mendocino and are priced on average at $7.50 a glass. The wine varieties will change each year, according to **Mary Melton**, director of beverage.

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The Salesman

Sandy Block, master of wine and vice president of beverage operations at the 31-location, Boston-based **Legal Sea Foods** added that private label brands were "absolutely meant to offer value, great quality and uniqueness—the fact that you can't get them anywhere else." He added, "They are also a great story and the servers and bartenders love to tell it."

Legal Sea Foods

Legal offers three private label brands, two from California and one from France. The Louis Latour "Legal Sea Foods Cuvee" Bourgogne Chardonnay, was created about seven years ago and sells for $8.50 a glass and $28 a bottle. There's also a DeLoach Pinot Noir and a Napa Cabernet Sauvignon called Faux Pas Cabernet Sauvignon. They sell respectively for $11.50 and $39 and $9.50 and $35 by the glass and the bottle and have been available for the past two years.

When creating a private label brand, he noted, operators are looking for "a wine that fits their flavor profile and culinary offerings at a price that they can't refuse: a wine that over delivers." He concluded that "uniqueness, quality and outstanding value that can be passed on to guests are probably some common denominators."

A Novel Idea

Interest has continued to grow in the art of creating new and unique wine labels for the on-premise for a variety of reasons. Block said he feels inspired to create a new label "when the opportunity arises and we feel that it is advantageous for our guest." He added that "when we see an unusual opportunity we will seize upon it, but there's no mandate to either have more or less than we have now; the goal is quality all the way."

At the **Bonanno Concepts** group—a five-location Italian and local-ingredient focused restaurant based in Denver whose concepts include **Mizuna**, **Luca D'Italia**, **Osteria Marco** and **Bones**—wine director **Mark Sandusky** has just started a private label program. The restaurant features a Pinot Grigio for $8 to $9 a glass and a Chianti Classico for $10 to $12. Both wines are sourced from Italy, and Sandusky plans to roll out a few more that won't just be imports. He added that these wines are "an opportunity to try something else new and fun....and to create another layer of service that we are able to offer our guests."

Mizuna

The private label program at Trummer's, according to Packwood, is "meant to offer a reasonably priced wine that we can attach our name to." Private labels can also often be produced on a lower margin, cut out middlemen and hence offer a greater value to on-premise buyers (and their bottom-line consumers). Most restaurateurs noted that they use the same markups on these wines although there is "often a more advantageous cost of acquisition," confirmed Block.

At P.F. Chang's the value in the new wine line comes from "the money we saved not using the 'non-traditional' package," said Melton of the 10-liter containers the wines come in. "We have received lots of press regarding our new wine. The packaging really got people talking."

Value and a Perfect Pairing

In the competitive on-premise field, these unique wines are intended to offer great values across price points. "Value is always on my mind, when I select a wine for the list, as well as wines by the glass," said Sandusky. "We want to be able to offer a better wine in a 'typical' price category."

Many restaurant customers also often feel more comfortable ordering these wines if the restaurant is already a known quantity for them. "They trust us, so they trust the quality of our label," confirmed Packwood.

"We wanted to offer a great price and value ratio," concurred **Greg Altzman**, wine director of one-location **Poggio Trattoria** in Sausalito, California. The restaurant offers four private labels, including an unfiltered Napa Valley Chardonnay, a Barbera, a Napa Valley Cabernet Sauvignon blend and a Nebbiolo. The Italian varietals come from the Sierra Foothills region of California, and the focus of the private label offerings is on California and Italian wines and varietals in keeping with the rest of the restaurant's list. They are priced from $8 to $11 a glass and $32 to $44 a bottle.

He launched the program three years ago because "we wanted to create our own selection of wines perfectly paired to match the restaurant's Northern Italian menu." They are featured in a special section of the restaurant's menu. He added that no wineries have ever approached him about creating a program, and he presented the proposal for their current wines.

An added plus is that most of these wines are also tailor-made to work with a specific restaurant's food. "We have selected wines that, number one, complement our food and, number two, taste

stylistically correct for the particular varietal," added Sandusky.

The rationale was the same for P.F. Chang's. Melton said the chain created "a wine that goes well with our food by using varietals that are trending well and offering them at a great value."

For Block at Legal, the taste profiles of his private label wines represent both "what I like and what I think goes well with our food." At Trummer's, Packwood noted that the two private label Virginia wines focus "on clean flavors that work with an array of chef's dishes."

Different Levels of Involvement

Most restaurants have initially approached the wineries about creating the wines although this may start to change, and many are very hands-on in creating them. Block said he and his assistant were involved in creating one of the brands, and that these opportunities represent "a sweet spot [for wineries] to develop partnerships with premium on-premise players."

At Maggiano's Little Italy, "We had a longstanding relationship with Ruffino wines and felt comfortable approaching their winemakers for the idea," explained Ramey. She added that the "internal marketing team had the privilege to be involved with sampling different varietals and selecting the final product.... Later this year we will have the opportunity to visit the vineyard in Tuscany."

For their wine program, Altzman's team at Poggio worked "jointly with winemaker **Brian Graham** from the Ramian Estate to create the blends....[and] conducted extensive barrel tastings at the winery to fine-tune the wines." The restaurant's graphic designer then created the labels.

Packwood and owners **Stefan** and **Victoria Trummer** approached the Barboursville, Virginia winery to create their private labels for the restaurant and went there themselves to blend the wines.

When Sandusky became interested in launching a private label for Bonanno, he met with some winemakers who were interested in working with the group to get the ball rolling. Some of the private labels' packaging focuses on the winery where they were produced while others bear the restaurant's label. Whatever the final choice, according to Sandusky, the "brand should be enough to sell the wine with no need to co-brand or mask the origin of the wine in the bottle."

The jury is out on whether restaurants will want to continue to expand their offerings or just focus on the private wine lines they have already created. Many sommeliers I spoke to expressed interest in adding more wines while some were quite happy with what they are currently offering. Only the economic climate and guest preferences will dictate where this unique category of wines is headed. **wbm**

Liza B. Zimmerman

Liza B. Zimmerman is the editor of Cheers magazine and the San Francisco-based principal of Liza the Wine Chick, a wine writing and consulting firm. She is also the wine columnist for the San Francisco Examiner.com. She also served as managing
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Wine Spectator

A Private-Label Red for Spago

Brewer-Clifton Pinot Noir Sta. Rita Hills Meliora 2009

Nathan Wesley
Posted: April 8, 2011

Like 2 13 5

Tasting coordinator Nathan Wesley joined Wine Spectator in 2005. He tastes the wines of Argentina and southern Italy.

Nathan Wesley

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About Our Tastings

More and more restaurants, especially Grand Award-winning restaurants, are bottling private-label wines. Addison in San Diego currently offers two by the glass. Canlis in Seattle last month announced a partnership with the famed Austrian dessert winemaker, Kracher. And I recently tasted a private-label Pinot Noir from Wolfgang Puck's Spago Beverly Hills, a new Grand Award winner in 2010.

The Brewer-Clifton Meliora, from California's Sta. Rita Hills appellation, is made by Spago's wine director, Christopher Miller, who has been making wine for the past five years (although he admits this is his first attempt with Pinot). Miller, who even harvested the grapes, added, "Greg [Brewer] makes sure that I don't do anything stupid (an increasingly easier task, but he has the patience of a saint), acts as my assistant winemaker/consultant, and his cellar guy babysits my juice through *élevage*."

For the wine, Miller chooses "extended lees contact instead of early sulfur additions," which he says lowers the overall sulfur level and makes the wine approachable when young, without compromising its ability to age.

The wine itself was silky, with a vibrant core of wild berry, boysenberry and raspberry fruit that slowly revealed nuances of sage, tar and wild flowers, as a firm note of hot stones filled the long finish. I rated it 91 points, non-blind.

Spago offers the wine for $20 a glass or $85 a bottle. With 280 cases produced, Miller says, the wine is also available at Addison and the WineSellar & Brasserie, another Grand Award winner located in San Diego), as well as at Covell wine bar and retailer Wally's in Los Angeles, with additional distribution in the works.

WineSpectator.com members: Get scores and tasting notes for more recently rated Pinot Noirs from California's Sta. Rita Hills.

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The Restaurant Business is Looking Up

KDM Global Partners
Friday, 23rd September 2011

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Despite all the discouraging news during the past few years, the state of the restaurant industry is not quite as grim as it may sound.

While rising costs for food and fuel have dominated headlines, weighing heavily on the minds of restaurant operators, things are trending positive.

Consumers are Coming Back to Restaurants

There is no "new normal" of dining out less. To the contrary, people want to return as quickly as their pocketbooks will permit to the days of dining out more. As the economy improves, so will restaurant traffic. Dining out is seen as both entertainment and convenience - both of value to consumers and these numbers will improve as incomes begin to rise again.

Restaurants can Work Around Inflated Commodity Costs

Many restaurants have found a way to navigate rising food costs without

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making steep price increases. Operators have focused on cost-saving initiatives, menu engineering and efficient purchasing. Also, compelling new margin opportunities exist for restaurant operators, such as serving their own custom-label wines (see "Opportunities for Growth" below).

Consumers are Still Spending

Higher gas prices haven't hurt consumer spending dramatically, thanks to an improving employment picture and a payroll tax cut that begin earlier this year. Gas prices have also stabilized as the summer travel season gets underway.

There are Still Opportunities for Growth

Despite all the clamor during the recession that the US restaurant field was oversaturated, some operators are experiencing rapid growth. For others restaurants, there are pockets of under-exploited income-generating opportunities right under their noses - - most notably in their wine category.

Rather than serving the ubiquitous "national brand," a restaurant can have its own brand (private label) of wine to serve to customers.

The four (4) chief reasons why custom label wines are beneficial to restaurants:

1.

PROFITABILITY ON WINE SALES

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The first key fact about proprietary label wines is that a restaurant gets a "better bang for its purchasing buck." Better wine at a lesser price...plain and simple.

With the "national brands," the delivered case price will always include your pro-rata share of their (huge) advertising and promotional budgets, as well as the incentives they provide the distributors to get your restaurant to carry it on your menu! Not that there's anything wrong with the juice - but you're probably paying more than it's worth.

Your "house brand" wine will likely cost much less on a per-bottle basis, be much better wine (at any price point) ... and earn you better margins!

This is the case whether you're pouring wine-by-the-glass or bottle sales.

2. ELIMINATION OF "STICKER SHOCK"

The data tells us that wine has now eclipsed beer in popularity (sales) throughout the US. People are increasingly turning to wine as their recreational beverage of choice; accordingly, consumers are learning more about wine and are becoming more sophisticated shoppers.

Restaurant customers are therefore much more familiar with retail wine prices than before. When they see a wine on the menu that they've tried before, they will also likely know the price at the wine shop down the street from the restaurant! Since restaurants often charge more than the wine shop, this can cause dissonance with the customer.

No restaurant wants to risk customer loyalty over this! When a restaurant serves its own PL wine,

that wine is ONLY available at the restaurant. Thus, the price is the price - it can't be compared to the price at the retail wine shop, or on the Web! Everyone is happy.

3. BRANDING!

Nothing breeds customer loyalty better than a house wine that is enjoyed by everyone ... and is only available at the restaurant. Repeat business is the hallmark of a successful eatery. What better way to bring them back than pouring your "own" wine, where that wine is ONLY available at your establishment?

Design some compelling wine labels that stand out beautifully at the restaurant. Leave them on the tables, at the bar and decorate with them! The restaurant's own brand will be substantially enhanced by the existence of your proprietary wines and add a touch of elegance and originality to the dining experience.

Your restaurant's logo will be cemented in the minds of your customers. Business is all about branding now. Do what you can to build your restaurant's brand.

4. MINIMAL UPFRONT INVESTMENT

The result of a private label program is that a restaurant's upfront investment in a custom

wine program is now similar to what it would have been in its wine menu, generally! But the difference for the restaurant is enormous - better margins, better branding and happier customers.

More info: **http://bit.ly/kT5Ms**

About KDM Global Partners and Custom Brand Wines

KDM Global Partners, LLC ("KDM") has been dedicated to the analysis, design and implementation of new initiatives for its clients since 2000.

Private Label Wine Program
KDM's Private Label Wine Program offers a seasoned team of winemakers worldwide, distribution partners (in all 50 states and overseas), legal and compliance experts and a graphic design team.

KDM clients find that their custom wine brand programs are easily implemented — and turnkey in that KDM can assist with most every aspect of the process.

The emphasis is on the quality and consistency of YOUR wine product, YOUR margins and YOUR new custom private label brand!

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Strawberry Ridge

A serious drinker – someone who knows his way around a whisky collection and can tell you where bourbon comes from -- looks not for the next big thing but for the next little thing. In other words, flashy bottles and huge advertising campaigns only turn him off.

What he wants is something rare, something special. Aside from the stuff that the master distiller himself has stocked away, or the members-only bottlings that some whisky clubs get you, a private-label bottle of booze at a high-end restaurant or at a historic distillery built by our first president is about as rare as it gets.

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Sure, anyone with enough cash can buy a few barrels of rotgut straight from the distiller and slap their own label on it, but any private-label booze worth a sip will at least have some input from the head of the bar or the sommelier. Most of these private labels happened because spirits fans, like us, can't pass up the opportunity to get hands on with their favorite beverage. Think of doing a private-label bottle for your restaurant as the fantasy camp for boozehounds.

Next time you're at one of these places, be sure to ask for the really good stuff:

Rn74

Michael Mina's wine bar RN74 in San Francisco sells a few of his private-label wines, including Cuvee Rn74, a 2008 from the Santa Maria Valley. Rajat Parr, the wine director for the Mina Group (which has 18 restaurants scattered around the country), spends his time visiting California wineries to find the best grapes for special Mina-only bottlings for all the restaurants and, in 2007, started his own line of high-dollar wines, Parr Selection.

Rao's The Vineyard at Strawberry Ridge

Long the place to eat in New York City, Rao's serves unpretentious Italian home cooking that inspired a former record exec to create a wine just for his favorite place to eat. The signature wines are made from California grapes that are fermented and bottled at the Strawberry Ridge Vineyard in Connecticut. Whether you're at Rao's Harlem or at the Caesar's Palace location, you can try the same lineup of Pinot Grigio, Chardonnay, Merlot, and Cabernet Sauvignon.

Strip House's Napa Valley Reserve Cabernet Sauvignon, 2007

Available both by the glass and by the bottle in Strip House locations at luxe hot spots across the country (Key West, NYC, Las Vegas, etc.), this Napa Valley wine is mainly Cabernet Sauvignon, with splashes of Cabernet Franc, Merlot and Petit Verdot to mellow the flavor monster so that it can be sipped alone or paired with steak.

Guy Savoy Champagne

Sip Guy Savoy's private-label bottle of champagne while working through one of his 10-course French meals at Caesar's Palace, Las Vegas, and you'll feel like Caesar himself. The experience does not come cheap ($290, sans the $95 bottle of bubbly), but if you just want the light and fruity champagne, you can sip and swoon at Bubble Bar next door, a more casual, affordable spot where you don't need reservations. Mais oui.

Yvon Auban Armagnac

The Cognac and cigar room of Andre's, a French restaurant in Sin City's Monte Carlo, is the closest thing we've ever found to an old-school private gentleman's club. Andre's private-label bottle of Armagnac has aged for 20 delicious years in oak barrels. Although similar to a Cognac, Armagnac comes from a different region of France, and spirits connoisseurs like it that Armagnacs are made in smaller batches, and are, therefore, harder to find. The Yvon Auban at Andre's is one of the rarest of an already refined class of spirits. Decadence never tasted so good.

Hyatt Grand Champions Resort Villas and Spas Agave Sunset Tequila

The food and bev director here said that it was a thrill to be involved in the whole process, from trying his hand at chopping a blue agave from the ground in Mexico to sipping the nearly finished product straight from the barrel. The double-distilled reposado is from the Herradura distillery, makers of some of the best

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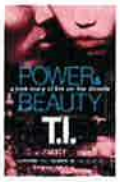

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tequilas on the market. To try the Agave Sunset Tequila, you'll need to trek to the desert of Palm Springs (but it's dry heat, we hear, and a perfect excuse to wet your whistle).

CasaMagna Tequila

True tequila fans should spend a few nights at the CasaMagna Marriott Puerto Vallarta Resort & Spa at least once in their lives. It makes five types of the tequilas from agave that grow on the property, has one-of-a-kind handblown bottles that are destroyed once they're empty to make sure nothing but the resort's private-label CasaMagna is inside, and has a daily tequila appreciation class led by the on-site tequila sommelier. This, friends, is tequila heaven.

Shibuya at MGM Grand Private-Label Sake

Named after the lively Shibuya district in Tokyo, this happening place is where traditional Japanese fare meets French cuisine (the head chef, Stephane Chevet, is from the South of France). Out of the 125 sakes on hand, a whopping three are made especially for what's arguably the best Japanese resto between San Francisco and New York. The holy trinity is Shibuya, Hachiko and NeoTokyo. As if all that wasn't enough, it has a specially made Japanese-style beer from a local brewer.

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Condesa DF Private-Label Tequila

For the ultimate in private-label bottled tequila, visit the place in Mexico City where celebs go to party. The trendy hotel, set in the neighborhood its named after, also has a private-label wine and mescal. The Condesa DF's reposado has tastes of floral and a little vanilla on top of the delicious smokiness that all good tequilas posses. In other words, it has more of the subtleties that come from Los Altos-style tequila, where agave grow at higher altitudes than the bolder flavors from the agave grown near the town of Tequila.

Mount Vernon Rye Whisky

If you've ever gotten a dollar bill with George Washington saying in a little speech bubble "I grew hemp," go ahead and add, "and distilled whisky." In September 2006, the first two bottles of rye to come from George Washington's historic distillery in more than 200 years sold for $100,000. You'll never win in a bragging contest with the proud owner of those two bottles, but now, once a year, you can buy one of the 500 bottles of un-aged Mount Vernon Rye that are released to the public -- for only $95. It's an in-person-only affair, but the founder of our country would be happy to see you sipping on the original American spirit of choice, made almost exactly as he made it more than two centuries ago.

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Eat, Drink, and Be Merry

Help your guests experience the fun and flavor of wine, and enjoy the extra profits from a boost in wine sales.

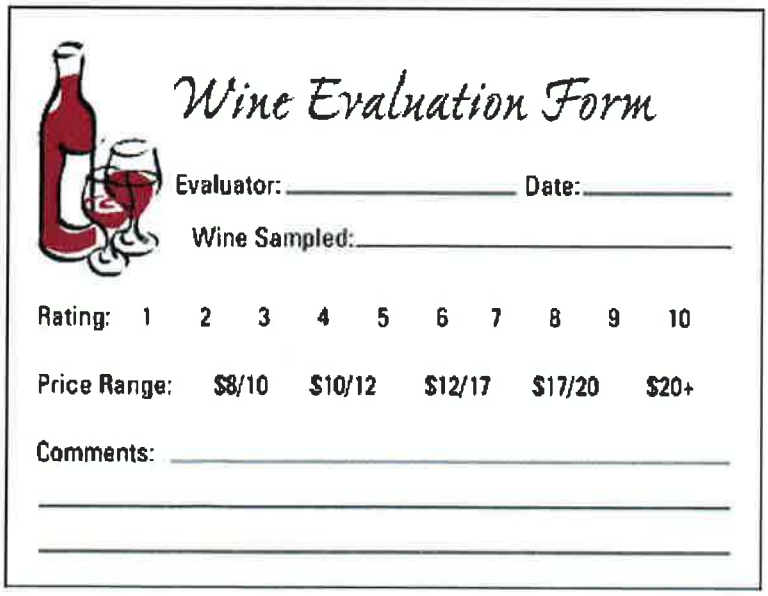
For aficionados, ordering wine is adventurous and exciting. But for others it can be downright intimidating. "Should I order red or white with the pasta?" "What's the difference between chardonnay and sauvignon blanc, or between zinfandel and cabernet?"

Help your guests experience the fun and flavor of wine, and enjoy the extra profits from a boost in wine sales. Begin with information, a few marketing ideas, and an attitude that wine can be fun, as well as a delicious complement to your cuisine.

One note: If you don't serve wine in your operation, these marketing tips can easily apply to gourmet coffees, flavored teas, or other specialty drinks on your menu.

Information is Power

Know your wines. Taste them and compare them to one another. Pair wines with food on your menu. And encourage your servers to make educated recommendations. When your sales rep brings samples, share them with your staff and ask them to rate the wines using our Wine Evaluation Form. You'll be amazed at how a little information can boost confidence and lead to recommendations that increase sales.



Wine Evaluation Form

Evaluator: _____ Date: _____

Wine Sampled: _____

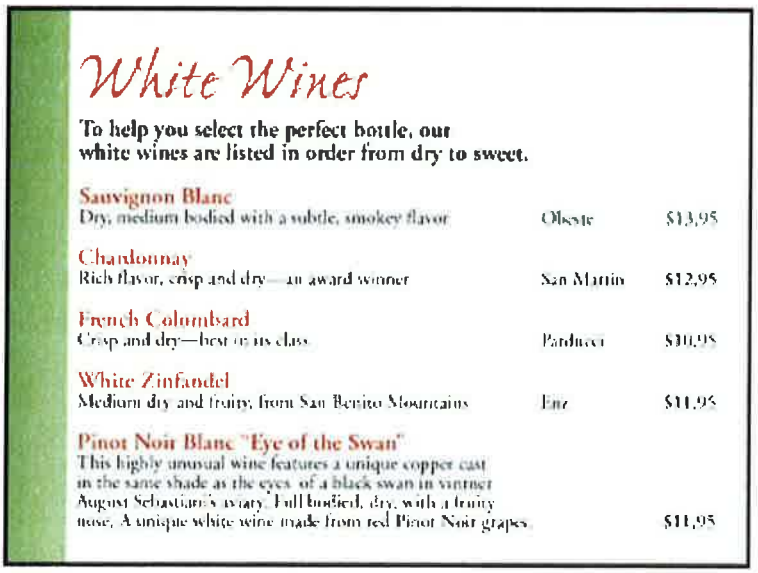
Rating: 1 2 3 4 5 6 7 8 9 10

Price Range: $8/10 $10/12 $12/17 $17/20 $20+

Comments: _____

Take the Mystery Out of Ordering

Use your wine list to educate your customers about the wines you feature. Use descriptive words like sweet, dry, smoky, buttery, and fruity. Let your customers know that you list your wines from dry to sweet for whites, and from light- to full- bodied for reds.



White Wines

To help you select the perfect bottle, our white wines are listed in order from dry to sweet.

Sauvignon Blanc Dry, medium bodied with a subtle, smokey flavor	Oliveie	$13.95
Chardonnay Rich flavor, crisp and dry—an award winner	San Martin	$12.95
French Colombard Crisp and dry—best in its class	Parducci	$10.95
White Zinfandel Medium dry and fruity, from San Benito Mountains	Enz	$11.95
Pinot Noir Blanc "Eye of the Swan" This highly unusual wine features a unique copper cast in the same shade as the eyes of a black swan in vintner August Sebastiani's aviary. Full bodied, dry, with a fruity nose. A unique white wine made from red Pinot Noir grapes.		$11.95

Eliminate Costly Mistakes

Guests can be intimidated by the price of wine, and become wary of ordering a wine they've never tried. With the help of your staff, select house wines that are reasonably priced. Feature a special wine of the week at an exceptional price. This lowers the risk and allows your guests to experiment more freely.

Tabletop Marketing

Take advantage of the power of suggestion, and the beauty of wine labels. Place bottles of your house wines, wine glasses, and a wine opener on each tabletop. Use a table tent to describe the wines, and encourage guests to help themselves. Many wineries even offer private label wines featuring your restaurant's name or logo at a variety of price points. This will help reinforce your brand, and sales will soar.

Bill Main, FMP, FCSI, is a nationally-recognized author, foodservice consultant, and professional speaker. His goal is to help you define who you are, where you want to go, and the best way to get there. Bill Main & Associates (www.billmain.com) offers a wide range of consulting services, resources and tools in the areas of strategic growth, marketing, menu, leadership, training, and management development.

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PRIVATE LABEL WINE

By Mark Spivak

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Adler Fels winery in Sonoma recently reported that over 70% of its production this year was expected to be private label wines. Of 560,000 cases made, 400,000 will be custom labels for restaurants, retailers and distributors, as well as labels designed for sale in "control" states such as Pennsylvania.

The trend is not unusual. In the U.K., private labels account for slightly over 40% of total wine sales. While the percentage in the U.S. is smaller, the category is booming and likely to become more popular.

One of the major factors is a glut of premium wine in California that can't be sold at the usual market prices. Many growers with prime vineyard holdings have been unable to sell their grapes at all over the past two years, and are increasingly turning to the bulk market. The bulk market also provides an outlet for wineries that need some cash flow, but don't want to damage their brand image by selling at a severe discount. The end result is a bonanza of quality wine at very reasonable prices.

The down side, of course, is that in many cases the consumer has no clue as to what he or she may be buying. Private labels have turned up in Wal-Mart (Alcott Ridge), Target (Perfect Circle), Kroger (Arrow Creek and others) and Harris Teeter (Oak Creek). 7-11 has even gotten into the act with Yosemite Road, which goes for $5. Without knowing exactly what's in the bottle, the prospective purchaser has no reference point (I found the Yosemite Road Chardonnay to be dreadful).

It's true that Trader Joe's has become famous for selling the Charles Shaw wines for $1.99 ("Two-Buck Chuck"), but not all private labels are inexpensive. While Kroger's Arrow Creek and Kalbarri brands sell in the $10 range, it's Hawkstone and Parkers Estate wines retail for $15-25. Costco, the largest buyer and reseller of wine in the country, has also taken a tiered approach with their Kirkland Signature wines, which start at $9.99 and go as high as $37.99.

Private label wines are also becoming popular with restaurants, many of which see them as an opportunity to make a percentage of profit they couldn't attain with a popular brand name. P.F. Chang's is featuring their Vineyard 518 wines, made by Mendocino's Wattle Creek, for $7.50 per glass. Maggiano's Little Italy offers a Cabernet/Sangiovese blend called Salute Amico, made for them by Ruffino, for $8/32. At Legal Sea Foods, diners can choose among a Pinot Noir from DeLoach ($11.50/39), a Cabernet called Faux Pas ($9.50/35) and a "Legal Sea Foods Cuvée" Bourgogne Chardonnay crafted by Louis Latour ($8.50/28).

Look for the trend to intensify over the next few years. When Publix gets involved, things will become truly interesting.

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