

# THE SACRAMENTO BEE



**Kenzo Tsujimoto**, CEO and chairman of the ambitious Napa Valley winemaking operation known as Kenzo Estate. "I'm not making the wine just to show off, or for status," he said.

**KIM WHITE**  
Bloomberg News

## 'Street Fighter' executive fearlessly opens \$100 million Napa winery amid slump

By **RYAN FLINN**  
*Bloomberg News*

**K**enzo 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 menu for the tasting room.

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.

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

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.

"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 at Kenzo Estate.

"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, 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.

The question is whether those 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 San Francisco-based Wine Institute. It was the first decline in shipments since 1993.

Even so, the number of wineries in California rose 4.5 percent to 2,972 last year, 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,

California restaurateur Bill Upson said.

"There's virtually no market left for us for anything over \$40 a bottle," said 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. He was speaking at a recent Napa Valley Grapegrowers conference.

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

"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 stan-

dard-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 track records, 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 Spottswoode.

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