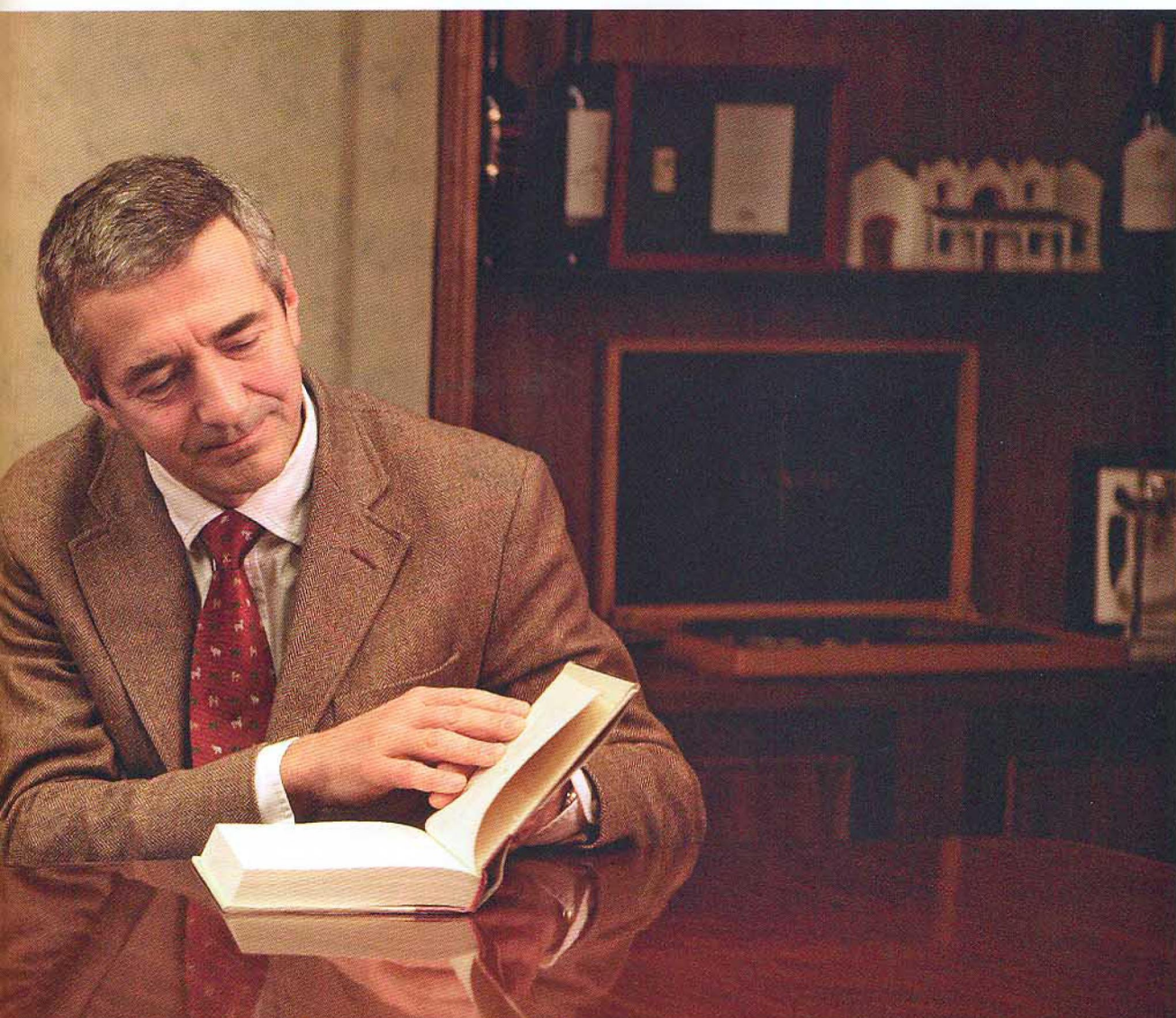


# A CHILEAN TOAST IN NEW YORK





Chilean Carmenere achieves a real coup in the Big Apple. Some of the most sophisticated and demanding New York wine critics fell before Chile's emblematic variety when a blind tasting panel chose Errázuriz' Kai 2006 over legendary wines from Napa and Burgundy. Eduardo Chadwick, President of the winery, gives an exclusive account of the landmark event. **By Marcelo Soto; photos by Verónica Ortiz.**





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Something happened on May 10th in Manhattan. A history-making event for Chilean wine, a milestone that some call groundbreaking, that nevertheless went virtually unnoticed by the Chilean press.

That day, on the 45th floor of the Mandarin Oriental Hotel, surrounded by stunning vistas of skyscrapers, seventy distinguished wine critics tested five Chilean wines against two Grand Crus from Bordeaux, a super wine from Tuscany and a pair of legendary Napa Valley reds. The

tasting, organized by Errázuriz President Eduardo Chadwick, was blind; in other words, none of the tasters knew which wine was in each of the 10 glasses.

The outcome was worthy of surprise ending in a movie: Kai 2006, a Carménère from the Aconcagua Valley, took first place, defeating Opus One, the famous Californian wine, and Haut Brion, one of the great French reds.

Here was a Chilean wine that had not only overcome the cream of Old and New worlds, but had done so in New York, a place many consider the international wine capital, and with Chile's emblematic variety. Not even Spielberg could have invented a finale like this. "If the same had occurred with a Malbec from Argentina... they would probably have held a celebration at the Obelisco, and the President would surely have given the winery's team a heroes' welcome in the Casa Rosada, and we would have gotten tired of hearing about how Argentinean wine is the best on the planet," commented Chadwick. But, apart from a few short notes in the local press and some longer stories on wine websites, the news has had no impact in Chile. Such is life. Such is wine.

### Background to the tasting

For six years now, Eduardo Chadwick has been attempting to show that the best Chilean wines can stand as equals alongside the great wines of Europe and the United States. He began in 2004, with the now legendary Berlin Tasting, in which two of his red wines—Viñedo Chadwick 2000 and Seña 2001—defeated no less than two Bordeaux legends: Château Lafite 2000 and Château Margaux 2001. The New York tasting in May marked the end of a cycle, after traveling around the world with similar initiatives in Tokyo, London, Zurich, São Paulo and Beijing. The President of Errázuriz recalls the preparations for the event: "The Big Apple is the global capital, and this was the grand finale. It was New York, and we had been in practically all the great cities and we wanted to end with a flourish. The first thing to emphasize is that we had a full house of very distinguished people; the audience was really top, we had Howard



## THE VICTORY OF CALIFORNIA

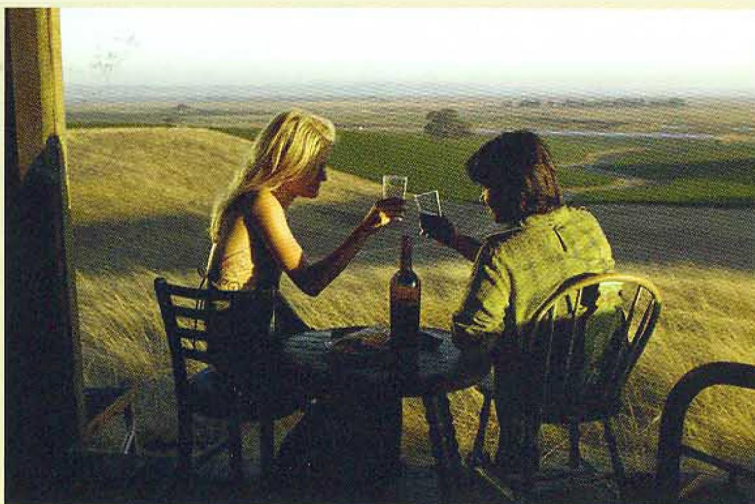
Goldberg of the New York Times, Elin McCoy of Bloomberg, Eric Arnold of Forbes, Michael Schachner of the Wine Enthusiast, and even Steven Spurrier and George Taber, who had been at the renowned Paris Tasting.”

Chadwick, of course, is referring to the landmark tasting of 1976 that for the first time set French vintages against Californian ones, with the latter taking top honors and setting off a virtual revolution in the world of wine. Since then, nothing has been the same. Books have been written and even a Hollywood film produced about the event, which was organized by Spurrier and gave a huge boost to the US wine industry (See inset).

“In short, the high society of the New York wine world was there,” Chadwick continues. “New York is the most difficult place to arrange an event. But for George Taber to be there, and for Steven Spurrier to travel from London to accompany us, lent weight to the event and made everyone else want to attend. That is the interesting thing: when you organize an event that people know is going to be historic, people attend. And so we had these critics, who are incredibly busy people, with us for three hours. First was the introduction: sixty minutes in which I attempted to market Chile, or rather, to explain what makes Chile unique, distinct, special, compared other appellations in the world. After came the tasting itself, which took place in a wonderful setting: The main ballroom of the Mandarin Oriental, overlooking Central Park; an inspirational place in itself.”

The businessman offers more details: “The tasting lasted around 45 minutes, in complete silence, with each taster ranking the wines. For the first time we included US wines, as well as icon wines from Bordeaux and Tuscany. Do you know what is happening in the US? The US is the US, and to give it more weight we had to select historic US vintages. And those were Opus One, the legendary US wine, and Stag Leap, the wine that won the Paris tasting. On our side, I included our new icon wines—Kai Carménère and La Cumbre Syrah.”

In 1976, Steven Spurrier of Britain, seeking publicity for his wine shop in Paris, conceived the extravagant idea of facing off the formerly undervalued Californian wines against the all powerful wines of France. He invited a panel of 10 French experts to taste white and red wines. The winners were a Cabernet Sauvignon and a Chardonnay: both from Napa. This was a landmark event for the wine industry, one that changed things for ever. The French producers disowned Spurrier, but they were not able to stop the tide of expectation that surged around Californian wines, which began to win their place in the world. And to raise their popularity exponentially. Indeed, California has gone from 330 wineries in 1975 to 1,700 today, while a hectare of vineyard there is worth no less than one million dollars. The famous letter of 1976, christened the Judgment of Paris, has inspired a captivating book by George Taber (*California vs. France*, Scribner 2005) and a more than passable Hollywood film, called *Bottle Shock* (2008), starring Bill Pullman and Dennis Farina, which is well worth seeing.



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A recognized auditing firm collected the ballots containing the choices of the 70 tasters, and while the results were being tabulated to determine the winner, the most entertaining part of the blind tasting began: The debate among participants, who argued in favor of their favorite wines and attempted to guess the origin of each glass. Even the best tasters make mistakes at this stage, and it is not uncommon that a wine that everyone thought was from Burgundy turns out to be from New Zealand. The greatest egos—and most sophisticated noses—have been brought down in blind tastings.

“Steven Spurrier spoke first,” recalls Chadwick. “At that point, no one knew which wine was which, and so there is this whole game of being willing to bet more or less on a given verdict, depending on the participant’s knowledge and confidence. What caught my attention most was that Howard,





## SHATTERED PARADIGMS

For Eduardo Chadwick, the process that began with the Berlin Tasting in 2004 and ended with the New York tasting in May demolished a series of stereotypes and myths in the wine world.

1. The paradigm of scores. Before the Berlin Tasting, Robert Parker—the most influential wine critic on the planet—never commented on Chilean wines. But the 2006 Viñedo Chadwick vintages, Señal and Don Maximiano, obtained 97, 95 and 94 points, respectively, in *The Wine Advocate* (Parker's wine magazine), similar to those the magazine awarded to the same vintages of Château Lafite, Latour and Margaux.
2. French Supremacy. As with the Paris Judgment—which catapulted California wines to fame—Chadwick believes that tastings like those in Berlin and New York demonstrate that the best Chilean wines can match and sometimes even surpass the great wines of Europe.
3. The price paradigm. While Viñedo Chadwick 2006 sold for 180 dollars per bottle, a Château Lafite of the same vintage sold for a thousand. Nevertheless, both wines were awarded 97 points in Robert Parker's magazine and in some tastings the Chilean red was higher ranked than its competitor from Bordeaux.
4. Carménère as a lesser variety. In the beginning, many in the international press considered Carménère to be a second rate variety, incapable of originating great wines. However, the triumph of Kai 2006 at the New York tasting, as well as the very high scores obtained by other Chilean Carménères, shows that the opposite is true.



“The average value of Chilean wine is 27 dollars per 12-bottle case. What is the goal? As an industry, we should be perfectly able to aspire to an average price close to 40 dollars per case, where there really is value added, and this would make the industry's entire value chain profitable, from the small grape grower to suppliers and wineries”.

from the New York Times, began to comment on the third wine—which was Kai, but we did not know it then—saying that that was the wine he preferred, and that prompted a discussion. The NYT is the NYT and for its critic to say this wine was the best, made the others pay attention. Do you think it is from Chile or not? we asked. No one was sure about its origin. In some way this was disconcerting for the journalists. Wine writers are used to Chilean Cabernet Sauvignon, a little mentholated, and so 60% or 70% of the tasters had identified Don Maximiano as a Chilean wine. But they were stumped by Kai.”

## Background to the tasting

Blind tastings can be a bonfire of vanities. Divested of the pomp of labels, the great appellations face the naked truth in a democratic judgment. Prestige, tradition and history are left aside. And that could be unfair, but it gives this kind of competition an air of suspense that is difficult to match. The New York tasting was no exception.



## IN CHADWICK'S OWN WORDS

### New York taste

*"New York opinion leaders and critics have so much confidence in themselves that they were not concerned about identifying the French wine in order to give it the award, as opposed to our experience in England. In England they identified which wines were French and awarded them honors right away... not here. New Yorkers are cosmopolitan, they are citizens of the world, they are not prejudiced. In Europe the sommeliers, who are very pro-French, identified the French wines and gave them top ranking, not because they liked them more, but because of an historic prejudice in their minds. It's like, a Grand Cru has to be the best, because that is what they were taught."*

### The origin of the Berlin Tasting

*"[The tasting] occurred to me, because after having organized many activities and introduced Chilean wine to the world, I felt that the international press*

*continued to be very grudging towards us and towards Chile, and would not recognize our quality based on the same criteria they used for the most famous labels from other parts of the world. With the Berlin Tasting we proved precisely that, when wines that were not ranked by Parker, competing against 100 point wines, won, took first place. It was an earthquake."*

### The real impact of blind tastings

*"Sales of our icon wines have been rising steadily. In New York, the immediate result was that Kai disappeared from shelves everywhere and we had 100 calls from around the world asking for more wine. We are not going to raise the price: The bottle costs 80 or 90 dollars. This year and next year's production of Kai is already sold out. The main impact is on Chile's image, and the image of the wine industry as a whole. These are medium and long term impacts, but the Chilean wine industry is earning more and more recognition."*

Chadwick recounts: "After the exchange of opinions came the cruelest part: The moment when the rankings were revealed and the tasters discovered the identity of each bottle, which had been hidden up to then by a cover. My first sigh of relief came when the Italian wine Sassicaia came in tenth place. You never want to be in last place. The next four were revealed, and three were Chilean, leaving us with only two wines in the top five. The fifth place was announced and it was Lafite. Don Maximiano came in fourth. Three wines were left, one Chilean. The air was charged, as Kai, Opus One and Haut Brion were left in the final stretch. Haut Brion was ranked third, which left two wines, and at that point the silence was complete and our expectations immense, although it was difficult to imagine that a Carménère could win. They removed the cover from the second place wine and it turned out to be Opus One. By default, the winner was Kai, and the applause was spontaneous. A tremendous rejoicing, something spectacular, in New York. In front of this audience, it was an historic event for Chile. If I had to choose a wine to win before the top US wine critics, it would have been Kai, because it was a Chilean Carménère. Also, the order was perfect: Over an Opus One and a Grand Cru. Both beyond reproach. It could not have been better if it had been staged."



"This year we budgeted for a 15% increase, reaching 700,000 cases exported around the globe. We are interested in growing in value. When we did the first tasting in Berlin, we had to have sold some 400,000 cases. The average price was 35 dollars. Today we are at an average of 50 dollars."

### The effect of the crisis

*The crisis brought down the average price of wine around the world, as consumers, faced with the financial crisis of two years ago, stopped buying wines priced above 50 dollars a bottle and concentrated more on cheaper wines. The impact was felt strongly in the first year of the crisis, but now in the second year things have slowly improved and are returning to some semblance of normal. Additionally, in Chile's case the exchange rate is a concern, with the Euro versus the US dollar. More than 50% of Chile's exports are destined for Europe, and the devaluation of the Euro and the pound has affected our average price; so I foresee the average price rising steadily over time, once these two factors start to recover. These are specific things, but the trend should be to add value through a more active marketing plan."*

### Image is everything

What drives Eduardo Chadwick to hold these kinds of tastings around the world? A marketing strategy, personal ambition? It turns out that it is not easy to defy the myth of French supremacy, which holds that wines from this European country are the best on the planet and that is why they obtain the highest scores and command the highest prices (see inset).

This Chilean entrepreneur's obsession for demonstrating that Chilean wines can stand alongside the great European appellations has earned him some difficult moments and derogatory comments. After the first tasting in Berlin in 2004, Christophe Salin, President of Domaines Barons de Rothschild, which produces Lafite, commented: "I would never say that a French or a Chilean wine is better than another. That is ridiculous... I do not like the way Chadwick is doing things, he is staging a circus."

The assumption behind these words is that you cannot compare French and Chilean wines of the same vintage, because the former require more time in the bottle to reach their best potential. On the other hand—as the Chilean entrepreneur maintains—if both are on the market at a given time and compete



### The challenge to Chilean wine

*"The average value of Chilean wine is 27 dollars per 12-bottle case. What is the goal? As an industry, we should be perfectly able to aspire to an average price close to 40 dollars per case, where there really is value added, and this would make the industry's entire value chain profitable, from the small grape grower to suppliers and wineries. Today, the business is not sustainably profitable in the long run."*

### Errázuriz: the numbers

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### The European problem

*"Europe affects us. It is Chile's principal market. The key to our success as an industry is to focalize strongly on the US, Canada and Asia, and try to hold onto Europe, while being aware that it is a difficult economic situation, and there is still strong local competition from French, Spanish, Italian, German wines... and therefore North America and Asia are the great growth poles."*

under the same conditions, why is it not possible to say which of the two we like more? What prevents us from joining the game?

For Chadwick, in any case, that discussion is beside the point. The important thing, the objective of his crusade, is to improve the image of Chilean wine. "That is the great Achilles heel of our industry: Chile does not have a Premium wine image. People think that we are only capable of medium quality, low priced wines, and Chilean wine has always been burdened with that

reputation. What we have to show is that we can compete with the best and raise Chile's image, and that is a multidimensional project that involves tourism, gastronomy and culture. Blind tastings are an instrument that goes to the heart of the wine industry. This is Wimbledon, it is competing head to head with the best benchmarks and proving to the world categorically and consistently that our wines are of the highest quality, that it is no coincidence. And that is what we have been able to demonstrate over time. This is why i

it was so important to have the grand finale in New York, the only country in which Chile is not well recognized. The only form of justice in the world of wine is head to head, blind tasting, achieving this recognition, which I believe is crucial. From here on, we will need to work on being consistent, making ourselves known, reaching different groups of consumers and opinion leaders. But we have already proven that the wines of Chile are world class. That is the important thing."

