Background

By many metrics -- including tons harvested, price per ton and average list price per bottle of finished wine -- the 1990’s have been witness to an astonishing revival of interest in American pinot noir. In fact, California and Oregon pinot noir has quietly emerged as the single most expensive category of ultra-premium table wine produced in North America. There are many reasons for this realignment. One is the virtual non-existence of inexpensive pinot fruit, owing largely to the impossibility of growing it successfully in the warm, low-cost, high-volume regions of California’s Central Valley. The absence of inexpensive fruit pushes the average price per ton of pinot noir far higher than the equivalent average price for cabernet sauvignon or merlot. In 2002 the California statewide average price for pinot noir was USD 1857 per ton, as against just USD 1056 for cabernet sauvignon and USD 915 for merlot. Pinot noir’s legendary sensitivity to over-cropping also tends to depress yields per acre. Even in areas where four or five tons per acre could be ripened successfully, most serious growers crop downward to between two and three tons per acre in order to achieve better varietal expression. Finally, high prices for finished wine are supported by a proliferation of small-lot offerings, typically distinguished by vineyard-designation. This last factor is the object of this study.

It is commonplace to assert that pinot noir, along with riesling, is the most profoundly site-marked of wine grape varieties. This view has its origins in Burgundy, of course, where it is enshrined in France’s most granular appellation-based découpage. I have calculated that if every grape in Burgundy were harvested by the vine’s owner, if every owner bottled his own wine, and if every wine were labeled for the most specific geographic designation to which it is entitled – none of which is the case – there would be less than one case of finished wine made per proprietor per vineyard. As North American vintners have become more site-conscious in the last two decades, they too have begun to celebrate terroir, and to eschew blending in favor of a proliferation of small and typically vineyard-designated bottlings. So-called “reserve” programs, always meaningless but usually denoting some kind of barrel-selection protocol, have all but disappeared, and coined proprietary names (e.g., Testarossa’s Cuvée Nicole) are decreasingly common. Instead, many top producers like Oregon’s Ken Wright and California’s Siduri have built their reputations on vineyard-designation. Typically, these producers offer small quantities of many different wines to the marketplace, rather than propose larger quantities of regional blends. With increasing frequency, large producers have mimicked this behavior, settling aside two, four or eight barrels for a special vineyard-designated release. Before examining the economic underpinnings of this behavior, it is fair to observe that the North American practice is only a pale reflection of its Burgundian inspiration. Vineyard nomenclature in North American is not controlled by law – apart from certain regulations on use of the term “estate,” so vineyards can be defined in the eye of the vintner. Named vineyards can be large coherent parcels like the nine-hundred acre Bien Nacido Vineyard in California’s Santa Maria Valley, or large and discontinuous holdings like the so-called Dutton Ranch in the Russian River Valley. Dutton Ranch would be better expressed as the Dutton Ranches; it is simply a collection of unrelated vineyard parcels with a common owner. Even the famous Hirsch Vineyard on the Sonoma Coast is an array of non-contiguous vine blocks that, according to many winemakers, are so different that they are best viewed as separate vineyards. Conversely, Calera Wine Company vinifies four adjacent parcels as separate vineyards, even though most producers would classify them as blocks of the same vineyard. Nothing prevents producers from inventing vineyard names, or from using what appear to be vineyard names for what are in fact barrel selections of wine. Growers are not prevented, when they sell fruit to producers, from insisting on vineyard-designation as a condition of the sale, simply to bolster the grower’s reputation and to inflate the sales price per ton in subsequent years.