

Analytics Fuels Scores and Volume in Stag's Leap. Odette's First Two Wines Earn 98- and 100-Points.



90+ Point Wine Spectator Scores by District

Napa Valley	62%
Oakville	10%
Rutherford	10%
Spring Mountain	4%
Stags Leap District	3%
All Other Napa AVA's	14%

Source: winespectator.com search: 2010 Napa Cabernet Sauvignons, April 1, 2015.

Napa Valley—When Plumpjack president, John Conover, bought a Stag's Leap District vineyard on the Silverado Trail to start Odette, he bought analytics — economic and quality metrics — to scale quality. Before Conover made the 2012 wines — he learned from Enologix that Stag's Leap District winemakers had major problems compared to Oakville — just 3% of Stag's Leap winemakers scored 90-points and just 1% could do that at a scale of 1,000 or more cases. Fairly warned Conover's team scored 98- and 100-points in the recent Wine Advocate. "I like to tell wine people what's more impressive than Odette making 500 cases of a 100-point wine is scaling a 98-point wine to 5,000 cases," says McKesson. Meaning, there is a framework for making larger batches of wines that produce revenue growth.

Without the higher levels of disclosure of public companies, examination of high-scoring wine companies is elusive. One result - Napa Valley start-ups are again lapping up cash despite warnings from industry bankers to investors. Companies are playing a dangerous game because California winemakers cannot scale quality over 1,000 cases. One study of Napa Valley by McKesson: "My economist looked at 557 Napa cabernet brands made over ten-years and found the street-value adjusted for inflation is flat. Revenues show it is more difficult to score in some districts—Diamond Mountain, Howell Mountain, Mt. Veeder, Stag's Leap, St. Helena and Yountville (see sidebar). Pope Valley, Wooden Valley and Chiles Valley will never produce equivalent of Oakville.

District wine scores are partly a function of the neighbors. Critics factor low quality into some district wines. "I want to circle back to what I told Conover," says McKesson. "I found Wine Spectator, articles chastising one Stag's Leap company. As far as I could tell, Clos du Val's trailing average score was 80-82 points." In 1996, James Laube wrote:

*"To me, Clos Du Val's wines have consistently failed to improve. Sometimes, you're defined not by what you've accomplished, but by what the competition is offering. In that regard, Clos Du Val has fallen off the pace and dropped well back into the pack."*¹

Over the years, James Laube also became critical of Stag's Leap Wine Cellars inconsistent quality shortly after its' sale to Ste. Michelle Estates and Piero Antinori in 2007². None of this was helpful to Conover's new brand, Odette.

100-Points - Wine Advocate

2012 Odette Cabernet Sauvignon Reserve Stags Leap District

Price: \$150

Score: 100-Points

Tasting Notes: *"...off-the-charts, mind-blowing. Absolutely opaque purple color, a stunning nose of lead pencil shavings, spring flowers, blueberry and blackberry liqueur, a full-bodied skyscraper-like textural extravaganza, luxurious ripeness, freshness and fruit.*

93-Points - Wine Spectator

2012 Odette Cabernet Sauvignon Estate Stags Leap District 2012

Price: \$98

Score: 93-Points

Tasting Notes: *"Aims high, delivering a potent, tightly focused core of mocha-laced dark berry, cedar, vanilla, licorice...Drink now through 2028. 4,450 cases made. -JL"*

It is no coincidence that both of these companies lost their price supports when they fell out of favor with the critics and the 100-point score. K & L Wine Merchants sells the current Cabernet releases—2012 Clos du Val Napa Valley and 2012 Stag's Leap Wine Cellars Napa Valley—for \$25 and \$35 respectively.³

THE UPSHOT is if one is making wine outside of Oakville District, Enologix has a framework of economics, analysis, software and wine domain knowledge that can be used to scale quality in difficult districts.

Taste Quality Strategy

CASE HISTORY of Odette on the Silverado Trail shows how a struggling property became the leading wine in the Wine Advocate in 2015. John Conover purchased a vineyard and winery that exemplified the state of the Stags Leap District, wine growing and winemaking that only produced a meager 3% of all 90+ point scores in Napa Valley (See Sidebar 1). Conover's sales strategy was to cross-over to critics and buyers with Stag's Leap District wines far above the industry average in terms of price. The price support is the 100-point score. Conover's team overcame a widespread farming problem. They worked logistically to predict the outcome before conducting the harvest and fermentations. They were able to tap their experiences making Oakville and Howell Mountain district wines.

THE FRAMEWORK, McKesson says, "Conover's plan contained an important framework — embracing the consumer's 100-point score to support higher prices and next using Enologix analytics to predict the quality outcome before conducting the winemaking. Using this framework, Odette winemaking team was able to solve the winemaking challenges and scale quality and volume. As far as we can tell the use of analytics offers winemakers a way to shine a light on taste quality before they make, blend and bottle their wines.

Much like the Michael Lewis book, "Moneyball", New York Times Sunday Magazine says, "[Enologix] claims that by using [its] system and the 100-point scale, winemakers can predict their own average critical scores within two and a half points with 95 percent accuracy. He says that the typical winery signing up with Enologix realizes a five-point rise over its previous years' average scores."

¹ James Laube, "Where Clos Du Val Went Wrong," Wine Spectator, July 31, 1996.

² James Laube, "Reflecting on Winiarski and Stag's Leap Cabernets," James Laube's Wine Flights, <http://www.winespectator.com> July 31, 2007

³ <http://www.klwines.com>