

OntarioWineReview

A bi-weekly newsletter dedicated to helping you discover Ontario's best Wines and Wineries. Enjoyment comes from understanding - Passion comes from understanding more.



OntarioWineReview Newsletter – 169

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OntarioWineReview: *Understanding the System*

Many of us are happy to go along with our heads in the sand about what goes on behind closed doors at the LCBO. We are happy to walk into the store, pick our bottle(s), cash out and not give it another thought until we go back for more.

But how did the Board decide to stock that bottle, that brand or that blend? And what about the agent that works behind the scenes trying to get their clients' products onto the shelf.

Recently I received an email from an agent giving a blow by blow account of the process of getting booze onto the shelf of our beloved Monopoly, including the hair pulling and gnashing of teeth that goes along with it.

Some of you might find this piece to be a little heavy-handed and at points riddled with sarcasm, but that only helps to express the frustration that goes along with getting alcohol into the Ontario market and dealing with the LCBO. I have also been assured that this is how it is - at least in this agent's experience.

Please note: that I have removed any indication of the product being discussed, the producer and of the agent to protect their future dealings with the Board. The reason is simple: the LCBO works with a policy very much like a combination of the bible's first and second commandments (look it up).

In the first part the agent talks about the procedure for getting products in for restaurants (known as licensees), for what is known as a private order. Most restaurants like stuff you can't get at the LCBO, thus something they can get through agents only, and if they buy enough the product can be exclusive to that restaurant (in that area). The second part describes the procedure a product takes to get onto the LCBO shelves ... obviously an agent has two routes they can take, but both as you will see are difficult. Also note: whether a product is sold thru the Board or not the LCBO still controls ALL liquor sales in Ontario.

"I can take samples to the Licensees - Restaurants & Hotels - and if they want to buy it this is the procedure:

- 1) They must purchase a minimum of one full case
- 2) They must pay the LCBO a 25% deposit
- 3) If I want to reduce the freight rate down from \$100+ per case to a reasonable freight rate....more like \$12/case then I need to gather a minimum of 20 cases in orders with specific Licensees names on them who have all paid the deposit.
- 4) The LCBO Private Ordering department then processes the paperwork
- 5) The producer would then ship the product to an LCBO pick-up location

- 6) We wait until the LCBO consolidates our small order into a large container with other suppliers
- 7) The product usually takes 4 months to arrive and then spends another month going through Lab Analysis at a cost to the supplier of \$175 per product.
- 8) When the product finally gets released we have to hope that the original licensees that ordered it all take delivery
- 9) The producer gets paid 60 – 90 days after the order lands in Ontario (while the agent pays to get it out of the Private Ordering warehouse).
- 10) The agent then has to chase the customer for at least 90 days to get them to pay since they will likely have an excuse not to have a cheque ready upon delivery
- 11) We have to do this for a total a 300 cases sold within one year to EARN the privilege of getting into the Consignment warehouse.
- 12) Once granted consignment space.....we can start to ship from the producer to the LCBO consignment warehouse by the pallet (~56 cases)
- 13) In consignment, the product can be shipped without an advanced licensee order....but still must sell by the case to customers.
- 14) The producer gets paid once ALL of the order is sold through: 120 – 240 days later.
- 15) If the product does not sell through within 120 days of arrival then the LCBO confiscates the remaining order, discounts it, and puts it into a sale warehouse.
- 16) This frees up more space back in the consignment warehouse so that they can trap more agents into over-shipping and then the LCBO can punish them for trying to treat Ontario like a free enterprise liquor system.

Sales end up looking something like this:

Year One: 20 cases

Year Two: 40 cases

Year Three: 80 cases

Year Four: 160 cases

Year Five: 300+ cases

Year Six ... Consignment should technically begin, but you can only apply once per year and there is a 'waiting list' of agents trying to qualify

Year Seven ... still waiting for consignment space

Year Eight ... finally get consignment but something happens to the economy, or there's a flu pandemic, or the LCBO develops a new department to sell to licensees, and the second an agent drops below 300 cases in sales they have their space taken away and must re-earn it back over the next few years.

Here is the real problem ... once we get to the point where we are ALMOST about to get Consignment space...the LCBO finally buys it for their retail...and then we lose all of our licensee customers because:

- a) they don't want something that anyone can buy off the shelf
- b) they (the licensee) can buy single bottles from LCBO as needed instead of storing a case
- c) LCBO store price is usually less than the consignment price.

If we ignore doing Private Order and instead we are persistent with applying to get into the stores this is usually the pattern:

Year One: nothing goes to tasting

Year Two: something goes to tasting but gets rejected

Year Three: something gets tasted and bought: 300 cases

Year Four: something else gets tasted and bought: 300 cases

Year Five: they re-buy the first product and buy another new product: 600 cases

Year Six: they buy nothing to show us who has the power ...

Year Seven: after having learned our lesson about who is in charge...they go back to buying again and business starts to grow exponentially from there.

That's our monopoly in a nutshell."

Editor's note: Who wants to be an agent?



Grape Guy's Picks of the Bunch: Three Reds and Potential Disappointment

Strewn 2007 Terroir Cabernet Franc - \$32.20 (W)

www.strewnwinery.com

Cabernet Franc continues to be my choice for red wine grape of Ontario and here's another delicious example. A nose that smells of cherry-tobacco which lures you deeper into the glass. The flavours are big on raspberries and spice with a touch of herbs to round it out. This one is ready to drink now, tasty with a medium length finish. Drink over the next 2-3 years for maximum enjoyment. Price: \$32.20 - Rating: ****

Pondview 2009 Merlot - \$19.00 (W)

www.pondviewwinery.com

Slowly ... Quietly ... Pondview is starting to make a name for themselves as a winery making good wines at very good prices. Here's another example of this, a Merlot aged 1 year in 100% new American (60%) and French (40%) oak for only \$19.00 ... of course it means nothing if it ain't worth the price, but it's delicious too. The nose is dark fruited and spiced with vanilla notes. The palate doesn't over deliver but nor does it pull back from your tastebuds. The tannins are forward and the flavour profile is loaded with a dark cherry and spice flavour. It's currently a little rough around the edges so give it a couple of years and it should shape up quite nicely and be ready for sipping, say around 2013. Price: \$19.00 - Rating: *** 1/2+

Between the Lines 2009 Merlot/Cabernet Franc - \$15.95 (W)

www.betweenthelineswinery.com

This is an interesting red blend from one of Niagara's newest wineries - a blend of 70% Merlot and 30% Cabernet Franc from a 45-acre vineyard (total area) that is Cabernet Franc dominated. The nose is tobacco with a cherry fruit backing; then there's a role reversal on the palate, as cherry fruit lifts itself to the forefront, with a bit of sour cherry in the background followed by tobacco notes. Interesting and very tasty, easy to drink. Little to no oak is used in the making of this wine so you'll want to drink this sooner rather than later while it is fresh and fruity - 2-3 years tops. Price: \$15.95 - Rating: ****

Potentially Sold Out ...

Lailey 2010 Sauvignon Blanc - \$20.00 (W)

www.laileyvineyard.com

I have noticed a proliferation of Sauvignon Blanc in Niagara - everybody and his dog is trying for that fresh, fruity, zesty version of this grape (a la New Zealand), but some are marching to a different drummer - adding the fumé part (smoked/toasted otherwise known as barrel elements). This Sauvignon Blanc was barrel fermented and aged for 9 months in mainly older French oak, though one new barrel did sneak into the mix. Vanilla and honeydew greet the nose while the palate forgoes the usual citrus zest for something more fat and fleshy: it follows the nose but adds the sweeter side of citrus into the mix. Nice acidity keeps this one balanced. Price: \$20.00 - Rating: ****

Availability legend: W (Winery) – L (LCBO/Vintages) – WTH (Winery to Home).



Weekly Wine Notes and More: *Ottawa Life Posts, On the Road Pieces and More*

Weekly Ottawa Life Blog Entries:

[It's All Just Greek to Me](#)

[On the Road with the Grape Guy:](#)

Trips, tours and tastings – join me as I review the highs, and sometimes, the lows
Articles coming over the next two weeks

[Lost and Found \(blog\)](#)

Wines that got "lost" in my cellar - some are Treasures others Trash ... Find out what happened
Nothing New to Report This Week

[Taste it Again Grape Guy \(blog\)](#)

Find out what has happened to some of my favourites over the years
[Colio 2004 Lily - Blanc de Noirs](#)

[What I'm drinking Tonight \(blog\)](#)

When it's not an Ontario wine, here's what I'm pulling out of the cellar
[4 New Posts Added](#)
including wines from California, an older American and an Ontario Cider

[Vintages Release \(blog\)](#)

In case you missed it: [October 15, 2011](#)
I missed the tasting for October 29
Coming Soon ... November. 12, 26 and December 10

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Quick Sips: *Occasionally interesting things cross my desk that I would like to pass on*

October 2011

Constellations Buys the Rest of Ruffino ... Constellation Brands Inc , the world's largest wine maker, has bought the 50.1 percent it did not already own in Italy's Ruffino, from MPF International, for about \$69 million.

<http://www.reuters.com/article/2011/10/06/constellationbrands-idUSL3E7L610020111006>

America's sweet palate resurfaces ...

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/10/05/BUKT1LA7LJ.DTL>

I hope you PVR'ed this one ... a new documentary about Prohibition from renown documentarian Ken Burns (not to be confused with Montgomery Burns): here's a review:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/10/01/DDF41LA83E.DTL>

The Yo-Yo effect of Science ... seems that fountain of youth we all found in red wine Resveratrol is actually all wet - but who cares, it still tastes good: http://www.cbsnews.com/8301-504763_162-20110210-10391704.html

Indian Wine is Big in Britain ... <http://www.guardian.co.uk/lifeandstyle/2011/sep/19/indian-wines-british-supermarkets>



Wine Event Spotlight: *Taste the Season in NOTL and Shows Shows Shows*

Taste the Season Touring Pass Event ... All weekends in November (5/6, 12/13, 19/20 & 26/27)

The Taste the Season touring pass event is the "must-do" event of the season for many Niagara-on-the-Lake wine country visitors. Each touring pass entitles the holder to a VQA wine and food pairing at each of the 26 member wineries and is valid for one of the featured weekends. Touring passes are available for only \$44.25 (+HST) and can be purchased online or by phone. For details and to purchase visit: www.wineriesofniagaraonthelake.com or call 905-468-1950 (Niagara-on-the-Lake Chamber of Commerce)

Shows Shows and More Shows ...

The Delicious Food Show ... October 20-23, 2011 - Better Living Centre, Toronto.
<http://deliciousfoodshow.com>

Gourmet Food and Wine Expo ... November 17-20, 2011 Metro Toronto Convention Centre.
<http://www.foodandwineexpo.ca>

Fusion, a Discovery of Local Food and Wine ... November 11-12, 2011 - RBC Centre, Sarnia.
<http://www.discoverfusion.ca>

Waterloo Region Food and Wine Expo ... November 24-26, 2011 - Downtown Kitchener Market.
<http://www.fooddrinkexpo.com>

OntarioWineReview's bi-weekly newsletter is devoted to the love, enjoyment and promotion of the wines of Ontario and the wineries that make them.



What can the Grape Guy do for you ... Michael Pinkus (Grape Guy) provides a variety of wine related services that you might be interested in taking advantage of: he gives lectures, leads seminars, conducts tastings, sets up tours; consults, selects and judges. He also gives interviews,

broadcasts, podcasts and writes. [Contact the Grape Guy if you require any of these services or have any questions.](#)



Psst, Pass It On ... keep the good wine flowing. Forward this newsletter to your mom in Mimico your uncle in Uxbridge, your great aunt in Grand Bend or any other family member or loved one that you know needs good wine advice.



Socially Speaking ...

Follow Michael Pinkus, the Grape Guy's (almost) daily **Tweets** at <http://twitter.com/TheGrapeGuy>. You can become a friend on **facebook**: <http://www.facebook.com/?ref=home#!/mepinkus>.

"**Linked In**" folks can find Michael at <http://ca.linkedin.com/pub/michael-pinkus/14/704/4b8>

To contact us with feedback, article ideas, comments, concerns or questions – email michael@ontariowinereview.com. We look forward to hearing from you!

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