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# WSJ SUNDAY THINGS MARKETWATCH.COM

By Catey Hill

What goes into your glass of Pinot? Food coloring, weird additives and a 400% markup.

### 1 'You'll be just as happy with the cheap stuff.'

Last year, Americans consumed 321 million cases of wine—up 15% from 2005, according to Impact Databank—solidifying our status as the world's top wine-drinking nation by volume. (The U.S. is 12th in per-person consumption; France is first.)

Our thirst for wine generated \$43.9 billion in sales in 2013, and it helps explain a boom in domestic winemaking: The number of wineries in the U.S. jumped more than 80% over the past decade, to around 8,000, according to WineAmerica, a trade group.

But getting consumers to buy the "good stuff"—that is, the expensive stuff—may be a hard sell. In blind taste tests, consumers generally prefer cheaper wines. What's more, research suggests that drinkers generally can't tell a pricey wine from a cheaper wine in tastings.

#### 2 'You may detect notes of fish bladder.'

Many winemakers use additives to flavor and preserve their wines. They also use "fining" agents, which filter solid particles from the wine before bottling. Some of the most common agents: Dried air bladders from fish (known as isinglass); and chitosan, made up of the exoskeletons of crustaceans.

Winemakers stress that they completely remove fining agents from wine before it reaches your table. But some physicians and regulators say the agents can leave behind proteins that can trigger allergic reactions. Because they're made from animal parts, the agents also make wine-drinking problematic for people observing dietary restrictions.

#### Our experts aren't always so sharp.'

Many consumers, feeling lost at the wine store, rely on rat-

# ... Winemakers Won't Tell You

ings from wine critics. But research suggests that these ratings aren't exactly consistent. In one study, researchers tracked judges at wine competitions who were given the same wine, from the same bottle, three separate times during a given day's tasting event. Only about 10% of the judges consistently gave similar scores to the same wine; more often, the same judge would rate the same wine as excellent one round and merely good the next.

#### 4 'Our business is a money pit.'

Real estate, labor and marketing costs can make the upfront investment daunting for a would-be winemaker. They also help explain why experts estimate that only about half of wineries in the U.S. turn a profit.

Another factor: Competition from established brands is fierce. About 30 companies sell 90% of the wine in the U.S.—and the three largest (E.&J. Gallo, Constellation Brands and Wine Group) sell about half of it.

#### **5** 'Quaint grape-stompers?' More like factory owners.'

Many customers think of wineries as "places with rolling hills of vines and a crew of people bending over picking the grapes," says Andrew Stover, founder of wine brand Vino 50 Selections.

In fact, steel machinery, factory-like precision and massive silos are more common—particularly in mass-market winemaking. Grape-picking and sorting are now often done by machines, says Virginie Saverys, owner of organic wine producer Avignonesi.

Of course, mechanization has an upside: It helps keep the price down. "It's often not possible for a \$10 bottle to be handcrafted in that dreamy way," Ms. Saverys says.

#### 6 'That deep red isn't our natural color.'

The elegant burgundy color of your red wine might be a bit inauthentic. Some winemakers use an additive called Mega Purple to darken their wine.

Mega Purple is a concentrate of the Rubired grape, a varietal typically associated with grape juice. Mr. Stover says it's often used as a colorant in "not-sogreat" wines, though some high-end winemakers occasionally use it as well.

#### 7 'Our restaurant markups will drive you to drink.'

This year, the average glass of wine in a restaurant costs \$10.77, according to GuestMetrics. You could buy a decent bottle of wine in a store for the same price, of course. But it's standard practice for restaurants to charge consumers two to five times as much as the wine's wholesale cost.

Annika Stensson of the National Restaurant Association says markups on beverages help cover restaurants' other costs.

ties tax alcohol, adding to the price tag.

#### 8 'Investing in wine is risky business.'

More than 1 in 10 high-networth households collect fine wine, according to U.S. Trust, and many see it as part of their portfolio. Wine had annualized real returns of 4.1% from 1900 to 2012, according to the Journal of Wine Economics, outperforming art and government bonds (though not stocks) over that period.

Still, wine can be a risky asset. It isn't as liquid (no pun intended) as some other investments, since you can't easily find a buyer when you want one; it's hard to price, and the market is prone to bubbles, says

Jörn Kleinhans, owner of Wine Elite Sommelier Co.

## 9 'Wine isn't a cure-all.'

Some research has found a correlation between wine drinking and health benefits, including heart health and greater longevity. But other studies have clouded the picture.

For a study in the Journal of the American College of Cardiology, researchers tracked 79,000 adults over 12 years; they concluded that even moderate intake of wine (one to three glasses a day) increased the risk of atrial fibrillation, which is associated with a higher incidence of stroke.

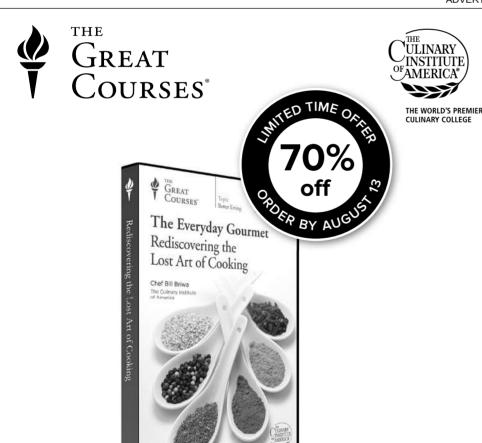
Another recent study, in the Journal of the American Medical Association: Internal Medicine, found no evidence that resveratrol—a much-touted antioxidant found in red wine—increased longevity or reduced cardiovascular disease.

#### 10 'Climate change could ruin us.'

Wine grapes are vulnerable to small changes in temperature, sunshine and rainfall, which means climate change could be particularly deleterious to winemakers. Several studies suggest that over the next few decades, fluctuating temperatures may rob areas in Australia, France and California of their ability to grow quality grapes.

Climate change could also make viticulture tenable in areas currently too cold for it. Someday, your grandchildren may toast you with a glass of Yukon Malbec.

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