

CRAIN'S

NEW YORK BUSINESS

Restaurateurs say it's time for wine.

Big names move into retail stores; established merchants scoff at their acumen.

By Lisa Fickenscher

First it was cookbooks, then cutlery, pasta and steak sauces.

Now, restaurateurs are leveraging their brand equity to peddle booze.

A pioneering few, the most famous so far being Drew Nieporent of Tribeca Grill, are opening wine stores in Manhattan. Others, like Steven Hanson of B.R. Guest, are eyeing the opportunity as well.

These foodies are hoping that their esteemed reputations in the fine-dining world extend to bottles. With thousands of deep-pocketed customers eating in their restaurants each week, and wait-staffs plugging the wine stores - which carry much of what's available at the restaurants - it seems like a no-brainer.

But sage oenophiles, and even other restaurant owners, offer warnings to these novices. "I think it's a very big leap from running a restaurant to running a wine store," says Peter Glazier, co-owner of six restaurants.

These entrepreneurs, however, don't run average restaurants, so their wine shops are not run-of-the-mill, either. The handful of restaurateurs who have opened wine stores in the city so far pride themselves on their collection of hard-to-find labels.

This is where retailers can make a lot of money. Stores that sell unusual wines can mark up the price by 50%, says consultant Arlene Spiegel. "The relationships these retailers have with small vineyards is what differentiates them," adds Ms. Spiegel. While a good restaurant operator's net profits are between 12% and 18%, a wine retailer can pull about 20%.

What Consumers Want

"It will involve a lot of cost in selling those wines," says Michael Aaron, chairman of Sherry-Lehmann, referring to the little-known brands. He says that Sherry-Lehmann's average customer sale is about two cases of one brand of wine, and that it would be difficult for the new shops to convince their clientele to do the same with an unfamiliar label.

Mr. Nieporent, however, seems to relish pushing the envelope with Crush. The store, a \$1 million investment, is unlike any other in the city. The cost to build it was about twice what other wine merchants spend, although Crush's \$400,000 investment in inventory is relatively modest compared with Sherry-Lehmann's annual \$15 million stash.

Drew's Partners

Two partners with retail and real estate experience are supplying some of the money for Crush - Josh Guberman and Robert Shagrin, who co-owns a collectibles business, Gotta Have It!, next door.

Crush's merchandise is displayed on its side against the walls of a cavernous room that has a Museum of Modern Art feel. A side room for tastings has a flatscreen television, which last week showed Mondavi, the controversial movie about winemakers.

About two weeks ago, for example, Billy Joel was dining at Tribeca Grill and inquired about selling his wine collection to Mr. Nieporent.

The partners have ambitions to take Crush to other cities. In a year, if all goes according to plan, Crush will hold online wine auctions with the help of Gotta Have It!, which has held such auctions for Liza Minelli, Britney Spears and Roger Clemens, to name a few.

The restaurateur scoffs at skeptics who doubt his ability to pull this venture off. He notes that alcohol accounts for 25% of the sales in his \$100 million restaurant empire. "I didn't need to read a book or visit wine country to figure out how to run this store," he says.