



Cameron Hughes at a recent tasting of his wines. INSET: Jessica Kogan at a recent tasting event.

Virtual Wines

They had no vineyards, no winery and no money. So they started a wine company.

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DO YOU REMEMBER THE FIRST TIME YOU HEARD ABOUT AMAZON.COM? There was a long *Wall Street Journal* article about the company in the early 1990s. The first few paragraphs covered the things we all know about Amazon today. It sounded sort of crazy then – like some of those high-flying internet schemes that ended up going bust. As the piece continued, though, it revealed that Jeff Bezos had studied the book business carefully and had identified parts of the bookselling process that slowed things down and increased costs. His new *virtual bookstore* would eliminate some of the bottlenecks, increase service to customers, and incidentally, make Bezos a very rich man.

Could somebody do something similar in the wine business? Are there ways to boost efficiency, eliminate bottlenecks, and increase customer satisfaction in the world of wine? Evidently there are. Cameron Hughes and his wife, Jessica Kogan, have done it. They've started a *virtual wine company* called Cameron Hughes Wine (www.chwine.com).

Hughes and Kogan don't own vineyards or a winery. Like Jeff Bezos, they built their company out of knowledge and insight.

Cameron's father was in the wine business, and Cameron grew up hearing about wine every day. After Cameron completed college, Dad encouraged him to join the Wine Group, one of the largest wine marketing firms in the U.S. He >>

did well there and rose through the ranks, but he longed to start a business of his own.

One evening Cameron had what he calls his “Eureka!” moment.

He knew that because of the way wine is made and marketed, wineries around the world often have first-rate “juice” left over at the end of the year.

Some wineries sell only to wine clubs or at the winery. They don’t have a distribution system of their own. A bountiful harvest leaves them with leftover wine that they can’t sell without going to a lot of trouble. Other wineries produce blends of several varietals. Depending on how the grapes taste each year, they vary the proportions in the blend so their wine has a consistent style from year to year. They may have extra Merlot one year and extra Cabernet Sauvignon in another. They don’t want to bring out a new Merlot or Cabernet wine for one year and have to figure out how to market it.

Cameron realized he could “rescue small ‘lots’ of wine, do some stylistic blending, and cut out the middle man by bottling and distributing the wine himself.” Voilà. Or, “Eureka!”

Cameron began producing what he calls his “Lot Series.” He purchased leftover wine and hired winemakers to blend it. Each new wine or blend got a *lot number* rather than a special name. The label would indicate the type of the wine – a varietal or a blend – and the geographic source. Each lot was unique – never to be repeated.

Cameron had worked out a way to produce some excellent wine at great prices. How were he and Jess going to sell it?

From Neighborhood Shop to National Chain

They started out the old fashioned way. Working out of their home, they began traveling around Northern California and selling wine to small stores.



Notes on Some Recent Cameron Hughes Wines

We tasted a slew of Hughes wines recently. The quality was consistently good. You may not be able to find these particular wines any longer, but don’t hesitate to try new ones as they arrive. Here are our tasting notes.

Lot 61 – 2006 Cabernet Sauvignon, McLaren Vale, Australia – Dark, quite Stygian. Blackberry jam bouquet with a halo of blueberries. Fruity, full of blackberries and blueberries with a hint of pepper. Good mouth-feel.

Lot 58 – 2006 Chardonnay, Santa Barbara County – Pale straw with faint green highlights. Fruity bouquet. Good body, creamy. Fruity with some grassiness, apples, minerals, a hint of oak, and possibly almonds. Round and warm. “Comfort wine.”

Lot 66 – 2006 Pinot Grigio del Veneto IGT, Italy – Very light color. Tart, fresh bouquet. Dry and crisp with attractive minerals and citrus. Good body.

Lot 52 – 2006 Malbec, Valle de Uco, Mendoza, Argentina – Very dark. Bouquet full of blackberries and pepper. Intense berry flavors. Good acidity to hold its own against steak from the grill.

Lot 37 – 2006 Grenache Rosé, Campo de Borja DO, Spain – Robust rosé color and Grenache bouquet. Fruity, with blood oranges, citrus rind and pomegranates. Refreshing, great for hot summer weather.

Lot 51 – 2004 Malbec Lujan de Cuyo, Mendoza, Argentina – Dark color. Blueberry pie bouquet. Dark berries with good acid, tannin and a sense of vanilla. As time went on we noted a sheen of raspberries.



People liked the wines, and the company began to grow.

Cameron and Jess made a great team. Cameron knew wine. Jess had worked in marketing in fashion and with dot-coms.

The real breakthrough came when the young couple worked a deal with Costco. The giant chain would buy entire lots and sell

them to consumers at amazing prices – generally between \$8 and \$14 per bottle. When the wine was ready, Cameron and Jess shipped it to select Costco stores throughout the country (as there’s never really enough wine for all of the stores), where it generally sold out the week it arrived. Once Costco’s customers got to know the Cameron Hughes brand and understood that each new lot was going to be gone in a couple of days, the wines sold even faster.

There’s one peculiar thing about the system. Consumers generally don’t know when a new wine will be arriving. (It is possible to get a heads-up from the company’s website, and wine fans can request to be added to the company’s

email list). Most customers visit Costco every week and buy the wine when they see it. They don’t have a chance to taste the wine before they buy it, but they trust the Cameron Hughes brand, and they know the wine will be good.

The company continues to grow and has begun to make wines available through new retailers in some markets. Rob Eddlemon, who heads the company’s Midwest and East Coast sales team and is based in Austin reports, “In Austin we are sold primarily through Costco, though Cost Plus World Market occasionally receives CHW Lot designations produced exclusively for them.”

So be sure to look for Cameron Hughes Wines when you shop at Costco or World Market. Try a few bottles for yourself. And then put yourself on the Cameron Hughes email list. ★

MORE INFO

www.chwine.com