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PAGE 16

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PAGE 18



IF IT AIN'T BROKE, DON'T FIX IT

by Michael Apstein

It's an unusual way to sell anything and seems doomed to fail: ask consumers to pay in advance for goods still in production that they haven't examined and won't be delivered to them for two years. But that's exactly what the Bordelais do. Consumers pay now for unfinished wines they haven't tasted that are delivered to them (hopefully) in two years. Amazingly, over the years, it's been a hugely successful system.

It's unique. Every March, thousands of people — wine critics, journalists, professional wine buyers — from all over the world descend on Bordeaux to taste barrel samples of wines that have finished their fermentation barely six months earlier. Producers must still blend the wines made from the individual grapes — principally, Cabernet Sauvignon, Merlot and Cabernet Franc — and perform the *élevage*, or barrel aging and maturation, before bottling. The critics and buyers taste what the producers describe as “representative samples,” that is, a blend of the different varieties that they think approximates the final blend. Those tastings make critical assessments and buying decisions based on sampling unfinished wines. It's comparable to analyzing a few frames of a motion picture and predicting the outcome.

Nowhere else in the world does such an assessment of wines occur. Many areas of Italy host preview tastings, such as *Antep-rime di Toscana*, where attendees assess the new vintage of *Chianti Classico* and *Brunello di Montalcino*, among others. But at those events, critics and buyers are evaluating finished, bottled wines. The nearest equivalent, and it's not really close to what occurs in Bordeaux, happens at *Vente des Vins*, also known as the *Hospices de Beaune* auction in Burgundy. In Beaune, attendees taste barrel samples of the new vintage, buy the particular barrel of wine that they like, take delivery of it within weeks and then arrange with a firm to perform the *élevage*. There's no “representative sample” and no wondering what the final blend may be.

So why does the Bordelais system work? A look at its history helps explain.

Historically, the Bordeaux wine trade was split between aristocratic producers who owned *châteaux* in the countryside and *négociants*, located in central Bordeaux, who aged and then sold the wines. *Courtiers*, or brokers, shuttled wine samples from countryside to city by horseback in this pre-industrial age. Brokers were useful and earned their commission by supplying information about new properties or changes at existing ones, in addition to delivering samples. It's a system that worked well because the landed gentry did not need to “soil” themselves with what they considered the less savory aspect of the business — the sales. *Négociants* would buy in barrel all of the production *châteaux* had to sell, complete the *élevage*, bottle the wine themselves and sell it to their customers — importers and wholesalers around the world.

However, since 1967, winegrowers must bottle *Crus classés* at the *château*, and complete the *élevage* and bottle the wines themselves. Yet they still sell the resulting product to Bordeaux-based *négociants*. This commercial network, called *La Place de Bordeaux*, usually worked extremely well for the producers because it generated cash flow: they would sell their wine soon after harvest instead of waiting for two years. Though sometimes producers — especially those strapped for cash — would wind up selling wine at a lower price than what could have been obtained when the true stature of the vintage was appreciated, two years down the road. That said, producers usually did not have — and some still do not have — sufficient underground cellar space to store their wine, whereas *négociants*, with their deep and convoluted

So, what's in it for the consumer today?

The two major advantages to the consumer are obtaining the wine that you want and having it delivered to your cellar as soon as it's available. Despite the relatively large annual production of the Crus classés, many do sell out, especially some of the best and most acclaimed small Right Bank châteaux. In heralded vintages, supplies decrease rapidly.

With the emphasis on selection of only the best batches to make ever better Grand Vins, the amount of wine selected for the standard bearer has dropped, while the quantities of second and third wines has risen. For example, in the early part of this century, Château Ducru Beaucaillou, one of the so-called Super Seconds, produced 15 to 20 thousand cases of its first wine. Currently, they produce half that amount. During the same period, its production of a second wine doubled. There's no reason to think that this trend will disappear, so expect supplies of the Grand vins to continue to decrease.

As importantly, buying en primeur assures the customer of provenance. There's no question about storage. Sure, the wine can still be damaged during shipment, but at least there's no worry that it sat in a non-temperature-controlled warehouse for years.

My main advice for those planning on buying Bordeaux futures is to do so through a reliable retailer, one who has done it successfully for years. This is one time when searching the Internet for the lowest price does not make the most sense. As Lewin notes, "a risk for the consumer is that the supply chain from the château can have several intermediaries; there is always a possibility one may fail before delivery." You want to be certain you're dealing with someone who will either find the wine for you if their supplier fails to deliver it to them or, at the very least, refund your money.

I'm neither an economist nor a financial advisor, so determining whether buying en primeur is a good idea as an investment is above my pay grade. I've read arguments from both sides. That said, the idea of buying a perishable commodity that needs careful storage and then reselling it at auction has never made sense to me. I've purchased plenty of Bordeaux en primeur for myself, but never as an investment. Though it's truly a liquid asset, it's not one that can be turned into cash quickly or easily.

Even if consumers stopped buying en primeur, which seems unlikely given its track record, the system will continue to operate as it has for more than 100 years because it has stood the test of time. You would think that if any château could break out of the system and sell their wines directly, it would be one of the first growths or one of the exalted Super Seconds. But they have not.

Château Latour no longer sells its wines en primeur, opting instead to hold them back for a decade when they think the wine is more mature and closer to being ready to drink. However, even then, they still sell via Place de Bordeaux. When I asked producers why they don't distribute their wines themselves, they uniformly tell me that making wine is one skill and that distributing and selling it is a different one.

Despite its shortcomings, Bordeaux's system still works to the advantage of both producers and négociants. In short, if it ain't broke, don't fix it. ✦

cellars in Bordeaux, where the water table is lower, do. Négociants, and others in the distribution chain, eventually make their profit when they sell the bottled wine to the consumer.

Prior to the mid-20th century, the Place de Bordeaux operated solely between producers and négociants. Consumers in the U.S. and the U.K. got involved in 1966 when Lay & Wheeler in London and Zachys Wine & Liquor in Scarsdale, NY, began selling wine futures, or vin en primeur, according to Benjamin Lewin, MW, in his fine 2009 book, *What Price Bordeaux?* (Unlike buying futures on the commodities exchange, the consumer who buys wine futures wants to take delivery.)

ONE INDICATION OF CONSUMER INVOLVEMENT, ACCORDING TO LEWIN, CAME IN 1978 WHEN PLACE DE BORDEAUX PRICES CHANGED FROM BEING QUOTED BY THE BARREL TO BY THE BOTTLE.

Stephen Brook, a British wine writer who has forgotten more about Bordeaux than most people know, attributes the surge in consumer interest in Bordeaux wines to the enthusiasm generated by the wine press — primarily Robert M. Parker, Jr. writing about the 1982 vintage in *The Wine Advocate*. As described by Brook in his 2007 book, *The Complete Bordeaux — The Wines — The Châteaux — The People*, Parker's early wild enthusiasm for the vintage combined with the strong dollar at the time caused a frenzy of en primeur buying in the U.S. The last real whirl of en primeur buying in the U.S. was likely for the 2000 vintage, which had the distinction of being the first of the new millennium and the first where there was price transparency secondary to the Internet.