

CONNOISSEUR

VENERABLE

VINTAGES

Bordeaux's centuries-old system is one that is unlike any other distribution chain on earth. Watson's Wine may not be the oldest buyer, but it has a role to play for Asian buyers of these venerable vintages.



From barrel to bottle, the *en primeur* sales happen when the wine is still in its infancy.



Credit: UGCB

**T**he experience of buying and selling wine diverges wildly for the billions around the world, from dabblers in vinology to those who have spent a lifetime in the business. From the quickly grabbed New World wine, chosen for a funky label and to fulfil a dinner party obligation, to those who taste with the aim of importing containers full of consumer-friendly plonk, wine buying is a many-splendoured thing.

But nothing compares to the history, maturity and sophistication of the centuries-old system whereby the finest Bordeaux wines, from the finest châteaux, are evaluated, chosen and then distributed to the world's most discerning - and highest spending - oenophiles.

The evolution of this system not only delivers wines, but also remade the physical terrain of Europe. Today, that system affects how wine reaches from the terroirs of France to the palates of Hong Kong and China. Watson's Wine participates in this age-old dance of the

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grapes, creating a vital link that brings the best of Bordeaux to the Far East.

#### **DUTCH, NOT THE FRENCH**

Of course, it is the French vintners of Bordeaux and their grapes that are the wellspring of the world's most celebrated beverage. But the Dutch had a key role in developing the system of determining who gets the world's best wine *en primeur*. *En primeur* is the term used to describe the futures system for allocating the limited supply of Bordeaux wines from the top 200 producers while the wine is still in the barrel, long before it is bottled.

The Dutch were among the first *négociants* - buyers, storage providers and distributors of Bordeaux - as early as 1620. *Négociants*, many of which (like

Beyerman), are still active today, invested in road systems in Northern Europe to better enable them to bring quality wines to their clients. They enabled wealthy château owners to focus on producing their wines, and these were increasingly becoming known by name. Names like Lafite, Latour, Margaux and Haut-Brion rose to prominence at this time.

*Négociants* helped to handle much of the business that the aristocracy had no interest in being involved in. They even have their own museum in the Chartrons region of Bordeaux, the "Musée de Vin et Négoce", located in the original wine cellars of the official wine merchant of France's King Louis XV.

*Courtiers* played a role in helping pass communications between the wine producers and *négociants* in the age of horse and carriage. Their two per cent fee, a fixture of the business, earned many the moniker of "Monsieur 2%" among insiders. In 1680, "The Sun King", Louis XIV, made their role a legal necessity as go-betweens for *négociants*, with *courtiers* negotiating pricing and allotment in an impartial manner. Even today, a vineyard may work with anywhere from five to a hundred *négociants*, but they must all work through a "Monsieur 2%".

Final allotments and pricing are a closely held secret. So is the amount the *négociants* turn around and sell *en primeur* to buyers - buyers like Watson's Wine.



Alfred Tesseron (right) of Château Pontet-Canet communing with Jeremy Stockman on the 2016 vintage.

### CHÂTEAU WATSON'S

Jeremy Stockman, General Manager of Watson's Wine, introduced *Sphere* to the mysteries of the modern *en primeur* system. He and his team travel to Bordeaux every year to make decisions that influence Bordeaux consumption in Hong Kong, Macau, Shanghai and beyond (via internet sales). While Watson's Wine satisfies a wide range of wine buyers through a comprehensive programme of training staff to taste and source wines from around the world, buying Bordeaux is a process in a class of its own.

It is impossible to visit all of the 200 oldest châteaux to evaluate the wines that the *négociants* will make available in limited allotments. But Watson's Wine team do visit a great many of them, scoresheets in hand.

Mr Stockman elucidates, "What tends to happen is that we go to the most important ones. We may do 10 a day for the top 100. For the next 100 the industry gathers them together in one place so we can taste the whole lot together."

The tasting is trusted to those with the most experienced palates, who are not tasting the wines as they are, but as they will be. It's a little like looking at a 10-year-old and deciding on a contract for the Premier League footballer they'll be as an adult. Nonetheless, decisions are made.

"We then buy those wines, and they are bottled about 18-24 months later. So you are buying a future. But we get a good sense of what the wine will become. It has already had around six months resting in the barrel so we can evaluate the quality of the young wine," says Mr Stockman.

While Robert Parker's scores may have set the global tone in the past, Watson's Wine buyers and store managers are expected to have their own opinions that may show independence from the global consensus. "A few years ago, Parker was God. And if Parker said, in his magazine *The Wine Advocate*, it's a 100 point, everybody would go with it. Simple as that." However, Robert Parker retired specifically from evaluating Bordeaux futures in 2015 (he now only reviews Napa Valley wines), opening up the market for a wider range of opinions to be expressed.

The wine world waited to see what the impact of losing that authoritative voice would be. Parker sold his publication, print

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and online, to a Singaporean group that keeps the name in play, even if the man himself has semi-retired to California. Many consumers still gravitate to the brand and follow its judgement. No similarly authoritative voices have risen above the fray to match Parker's weight in the wine world, so his name and the editorial team behind it live on. Neal Martin assumed "full reviewer coverage" with Mr Parker's blessing and has maintained a following.

Buyers in Watson's Wine's world know their wines and won't feel the loss too keenly. "The Hong Kong market is very savvy and many customers are very knowledgeable. They know the châteaux they follow each year," says Mr Stockman. And they have the direct tasting of the Watson's Wine team to help them along.

"So you taste them all. You give all your scores, make your decision, have discussions with the châteaux, and show respect to the châteaux so they can give you allocations for supporting them."

Mr Stockman and his tasting team travelled to Bordeaux in late March this year to take in the first sampling of the 2016 vintage, still in the barrel. Weather this year saw heavy rains early in the season, followed by a very dry summer which was ideal, and then a brief wet period in mid-September allowing perfect ripening. What became evident was the homogeneity in this vintage - the brief late rain benefited all, and all communes on both the Left Bank and Right Bank (Médoc and St Emilion/Pomerol) produced grapes with perfect ripeness. The verdict?

An "extremely good year" in the words of Mr Stockman. There is a game whereby the producers talk up the year as possibly the





Credit: UGCB



The Garonne River divides Bordeaux into the Right Bank (to the east) and the Left Bank (to the west).

best ever – as they did in 2005, 2009 and 2010. Mr Stockman thinks, putting aside the hyperbole, that 2016 is an “excellent year”. While many years are characterised by one appellation or area performing well (for example, “a Left Bank Year” or the Margaux of 2015), he and many of his fellow experts thought the entire region performed well.

The next phase of sales after the tastings is “the campaign”. Pricing will be determined. Up to 95 per cent of the wine will be sold on

by the *négociants* over the next few months. Ideally, a reasonable pricing will see values rise over time. The factors influencing decision-making can be elusive to pin down, but economics certainly have an impact. The 2008 pricing was depressed not by the quality of the vintage, but the global economic downturn. Money held back that year drove higher pricing in 2009. A repeat attempt at a big price jump didn’t work well in 2010. Chinese factors influenced pricing in 2011 (upwards) and 2012 (downwards) as their buying became more important.

### BEST OF THE BEST

Napoleon III was not to be outdone by his rivals, the English. He created a massive *Exposition Universelle* in 1855 to outdo London’s Great Exhibition of 1851 to showcase France’s finest in industry and agriculture, especially the Bordeaux vintages.

To help non-French visitors appreciate France’s finest wines, Napoleon III asked the regions to create a system of classification of wine estates to denote their various levels of quality, recognising the reputation of chateaux and the prices their wines fetched in the market. The system of *Grand Cru Classés en 1855* was born.

The *Premier Cru* are the most revered wines, with only the famous Château Latour, Château Lafite, Château Margaux and Château Haut-Brion making the list at its inception. The only change in the history of the classification was the elevation of Château Mouton to the coveted rank in 1973.

*Les Grand Cru Classés en 1855* includes sixty red wines from the Médoc region plus one from Graves, the exceptional Château Haut-Brion. Many people do not know that Bordeaux also produces white wines, including 25 from Sauternes and Barsac that qualify for the *Grand Cru Classés en 1855*.

The system works well when prices rise from the *en primeur* value. Those who buy and hold are rewarded for making the investment in holding stock, including storage costs. If prices fall from *en primeur* prices, the whole system could be at risk from buyers losing faith and preferring not to buy early. A sentiment that overpricing rewards those who wait could depress early buying and destroy the *en primeur* system. As in much of business, a cautious optimism can provide many rewards.

The quality of the vintage doesn’t just influence buying out of Bordeaux. It even drives trends in France’s biggest competitors for vinology supremacy – like Italy.

### INFLUENCE

The change in direction of Bordeaux wines over the decades has influenced wine producers in regions around the world.



## The 2016 vintage: An "extremely good year".

Credit: UGCB

Super Tuscans are some of the Italian wines credited with rejuvenating the Italian wine industry and elevating its status globally. Sassicaia and Tignanello were among the first to add traditional Bordeaux grape varieties in Italy in a conscious imitation of the French greats.

As the Bordeaux wines, over the past 30 years, have trended towards a fuller body with higher alcohol content, the Super Tuscans and even Napa Valley (in California) reds have followed suit. Where Bordeaux goes, the industry goes. Of course, the buying process for those other wines is simpler and lacks the sophistication of the *en primeur* system in Bordeaux. There are no words in Italian or English for *négociant* or *courtier* that mean quite the same thing!



The truth is in the tasting: The Watson's Wine team tasting at Château Cos d'Estournel with Directeur Général Aymeric de Gironde (centre).

### IT'S ALL ABOUT SUPPLY

The producers give an allocation to the *négociants* after working through the *courtiers*. The *négociants* then determine how to divide the spoils among the global buyers like Mr Stockman and his team. Everyone in the chain must be given their due respect – or buyers could be frozen out.

Many smaller buyers turn around and sell their allotment to final preferred customers to help cash flow. But by doing so, they miss out on the potential upside from improving valuations. A rare few, like Watson's Wine, with serious scale and financial backing, can pay storage costs that allow the wine to mature – and improve in taste and reputation – while still with the producer. Keeping the vintage in one place avoids risk of spoilage from travel and poor storage conditions and opens up the possibility of selling it at higher and higher prices over time. Mr Stockman is grateful, saying, "Luckily, we have a business that understands the idea of maturing the stock and investing in that."

The quality of the wine is also protected by Watson's Wine buying practices and commitment to engaging in the ancient Bordeaux system. Mr Stockman explains, "We only buy from the original source. The reason for that is that there are a lot of poorly conditioned wines in the market."

The aim is to avoid subjecting the precious liquid to variability of temperature as it travels the world. "The wine is put inside a refrigerated container in the cellar, the container is closed, and is then put onto a refrigerated truck – with the same temperature all the way. It is only opened inside our warehouse – also set at the same temperature of 16°C – and delivered via a refrigerated truck to the store – which is temperature controlled as well."

From decision-making, to managing the flow and storage of the wines over many years, clients place their trust in Watson's Wine to deliver the most prestigious vintages in the optimal condition – all the way from the vineyards of France to the palates of China. *Santé!* ▣

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General Manager, Watson's Wine