

# SO NEAR YET SO FAR

The leading wines in this year's Liv-ex Power 100 are almost the same as the top cuvées as decreed by Napoleon III's 1855 classification. But the forces at work in the fine wine world are very, very different today.

**By Patrick Schmitt**



## THE LIV-EX POWER 100 – 2010 (1-5)

Source: Liv-ex.com

Label	Region	Rank	Total score	Last year	Move	Trade on Liv-ex		Average score		Average price (£/cs)		1 year performance (%)		Weighted production (£)	
						Result	Rank	Result	Rank	Result	Rank	Result	Rank	Result	Rank
Lafite Rothschild	Bordeaux	1	15	1	0	34.7%	1	97.00	2	8,657	6	79.5%	5	164,480,987	1
Latour	Bordeaux	2	43	5	+3	7.3%	3	95.82	18	6,700	8	41.8%	9	97,820,000	5
Mouton Rothschild	Bordeaux	3	49	2	-1	10.4%	2	95.63	22	4,632	11	34.0%	11	115,792,162	3
Margaux	Bordeaux	4	52	8	+4	4.8%	4	95.80	20	5,137	9	29.8%	13	85,614,128	6
Haut-Brion	Bordeaux	5	56	10	+5	4.0%	6	96.20	11	4,259	13	24.1%	16	46,849,000	10

**IT WOULD** require a 145-year leap back in time on the part of the postal service, but if Napoleon III was handed this copy of *db* at his 1855 Exposition Universelle, he would no doubt nod approvingly at the names atop the 2010 Liv-ex Power 100 (see table, above). Ok, so he might be surprised by the presence of Mouton-Rothschild, which only became a premier cru in 1973, but other than this change to the 1855 classification that was drawn up for his showcase exhibition, Napoleon would agree with Lafite, Latour, Margaux and Haut-Brion taking first places in the table.

And this is a first: *db* has been publishing this survey since its inception in December 2006 and only this year, the fifth version (which is strangely apt), have all five famous labels secured the first five places.

## THE RICH ELITE IN ASIA WANT THE VERY BEST, AND THE PINNACLE OF THE BORDEAUX CLASSIFICATION PROVIDES AN ASSURANCE OF QUALITY

Last year, for example, we had DRC and Pétrus in the top five, and in 2008, post-Lehmann, we had Krug and Penfolds Grange above Lafite, which had crashed to sixth place.

So what does the reinstatement of the very top tier of 1855's classification on the pages of a 2010 fine wine survey say about the market? Before this is addressed, it should be added that the Liv-ex Power 100 is a test and rank of brand strength, and not merely price, which was the basis for Napoleon's list. Rather, the results over the following pages are a reflection of price appreciation and trade over the last 12 months, average scores and prices over the last five vintages, and the amount made (see methodology, page 30). Pétrus is the world's most expensive label, Taylor's Port the highest scoring, but neither are the most powerful, as it is only through the full range of measures, aggregated and averaged, that current strength is calculated.

So, through this test, what we have is a clear indication of brand strength, and having the five first growths in the first five places proves the existence of an overwhelming call for the traditional among those who are actually drinking these wines – that is, the rich elite in Asia, who, like last year, are driving the fine wine market. In simple terms, and to generalise, they want the very best, and the pinnacle of the Bordeaux classification provides an assurance of quality, while relatively high production from these five châteaux makes such wines accessible (11-25,000 cases for each label).

### Feature findings

- ▶ Asia continues to dictate the performance of the world's leading fine wine brands
- ▶ For the first time in this survey's five-year history, all five first growths are found in the top five
- ▶ China's demand for easily recognisable Bordeaux in large quantities explains the strong performance of high-production left bank Bordeaux brands
- ▶ Brand-led demand from the Far East is the reason for the surging prices of second wines
- ▶ Champagne continues its slide, with sluggish sales in the West and lack of interest in the East
- ▶ Traditional brands from Châteauneuf-du-Pape score well

"It's a new market that looks at the most straightforward way of ranking wines and the 1855 classification does that," explains Jack Hibberd, Liv-ex research manager and compiler of the Fine Wine Power 100. In contrast, right bank labels such as Le Pin have tiny production and however high the scores, just don't carry the same kudos without the statement premier cru classé. Hence, James Miles, founder and director of Liv-ex, points out: "The market is absurdly concentrated on left bank first growths: 61% of our trade is in those five wines."

Holding first place once more, and with an incredible score of 15, is Lafite, a clear ▶

# THE LIV-EX POWER 100 – 2010 (6-40)

Source: Liv-ex.com

Label	Region	Rank	Total score	Last year	Move	Trade on Liv-ex		Average score		Average price (£/cs)		1 year performance (%)		Weighted production (£)	
						Result	Rank	Result	Rank	Result	Rank	Result	Rank	Result	Rank
DRC	Burgundy	6	98	3	-3	0.4%	31	94.07	51	16,253	2	34.3%	10	105,646,070	4
Pétrus	Bordeaux	7	100	4	-3	1.5%	10	95.42	27	18,859	1	4.7%	54	56,576,666	8
Mission Haut-Brion	Bordeaux	8	112	30	+22	1.5%	9	95.61	24	3,167	20	8.9%	40	18,999,536	19
Ausone	Bordeaux	9	112	9	0	1.0%	17	96.91	4	9,918	4	3.8%	62	14,876,400	25
Carruades de Lafite	Bordeaux	10	150	13	+3	4.7%	5	90.81	113	2,884	22	116.7%	3	60,561,473	7
Penfolds Grange	Australia	11	165	26	+15	0.2%	40	97.00	2	2,260	26	1.8%	79	20,335,552	18
Pontet Canet	Bordeaux	12	166	24	+12	1.4%	11	95.83	17	659	84	13.9%	26	13,841,734	28
Yquem	Bordeaux	13	181	15	+2	0.3%	33	96.71	7	3,343	18	-0.9%	109	27,298,676	14
Palmer	Bordeaux	14	182	14	0	0.6%	26	93.80	61	1,570	40	10.9%	32	15,701,858	23
Duhart Milon	Bordeaux	15	186	33	+18	1.3%	12	93.00	81	802	71	127.3%	2	18,440,728	20
Forts de Latour	Bordeaux	16	188	59	+43	1.2%	13	92.00	103	1,451	46	114.1%	4	17,413,236	22
Léoville Las Cases	Bordeaux	17	189	17	0	1.1%	16	95.63	22	1,364	48	1.0%	88	24,554,303	15
Cos d'Estournel	Bordeaux	18	192	22	+4	1.2%	14	95.21	32	1,131	52	-0.9%	78	23,515,648	16
Angelus	Bordeaux	19	192	7	-12	0.5%	29	95.10	34	1,478	45	8.1%	43	9,977,334	41
Cheval Blanc	Bordeaux	20	193	21	+1	2.0%	8	95.10	34	4,416	12	-3.3%	126	36,801,861	13
Sassicaia	Italy	21	195	39	+18	0.3%	35	94.00	54	1,058	57	16.1%	23	14,816,231	26
Pin	Bordeaux	22	199	32	+10	0.6%	25	93.30	69	13,086	3	4.6%	56	7,524,421	46
Montrose	Bordeaux	23	200	52	+29	0.8%	19	94.82	39	668	82	13.1%	27	11,131,960	33
Krug Vintage	Champagne	24	213	6	-18	0.1%	52	96.00	14	1,801	35	-0.3%	101	45,025,000	11
Ducru Beaucaillou	Bordeaux	25	215	18	-7	0.6%	23	95.01	36	991	60	1.9%	75	18,172,403	21
Salon Mesnil	Champagne	26	227	46	+20	0.1%	64	95.40	28	2,576	23	8.1%	44	4,121,691	68
Pavillon Rouge	Bordeaux	27	228	new	new	1.2%	15	89.60	123	899	65	134.3%	1	14,991,809	24
Lynch Bages	Bordeaux	28	230	42	+14	2.4%	7	91.82	104	661	83	21.6%	19	23,126,221	17
Clos Papes	Rhône	29	237	57	+28	0.1%	59	96.82	5	706	79	10.7%	33	4,802,160	61
Pavie	Bordeaux	30	239	11	-19	0.6%	24	96.61	8	1,531	41	0.3%	135	11,486,233	31
Masseto	Italy	31	240	19	-12	0.1%	68	95.75	21	3,637	14	-5.9%	93	8,000,496	44
Ornellaia	Italy	32	241	12	-20	0.2%	47	94.50	44	1,064	56	3.5%	64	11,707,958	30
Haut-Brion Blanc	Bordeaux	33	243	41	+8	0.1%	111	96.00	14	4,942	10	11.2%	31	3,211,980	77
Guigal E	Rhône	34	247	23	-11	0.1%	54	95.20	33	2,316	25	3.4%	65	3,474,171	70
Eglise Clinet	Bordeaux	35	253	55	+20	0.2%	46	96.81	6	2,128	28	0.5%	91	2,553,918	82
Opus One	Australia	36	258	56	+20	0.1%	77	92.75	88	1,522	42	9.0%	39	38,060,429	12
Louis Roederer Cristal	Champagne	37	260	40	+3	0.9%	18	92.20	102	1,759	36	0.2%	95	52,770,000	9
Dominus	Australia	38	265	new	new	0.1%	94	95.25	30	833	69	24.0%	17	5,833,064	55
Rayas	Rhône	39	270	new	new	0.1%	109	95.50	26	1,632	38	16.3%	22	3,264,000	75
Dom Pérignon Vintage	Champagne	40	270	27	-13	0.1%	51	93.20	74	1,019	59	1.3%	84	152,850,000	2

reflection of an ongoing love affair with this wine in China, where it's pronounced Lafei and reputedly drunk in vast quantities (*gan bei-ing*) at celebratory occasions among rich businessmen. The label is also used for gifting in business circles, and if the presentation of a prized bottle of Lafite nets your company a multi-million pound deal, then, in the buyer's eyes it's good value, however high its purchase price.

Adding to Lafite's allure has been the savvy decision to put the Chinese symbol for the number eight on the bottle of the

2008 vintage, which is also the symbol for infinity. The wine hasn't been shipped, but news of this addition saw prices rise almost 20% in 24 hours. Speaking of the phenomenon, Simon Staples, buying director at Berry Bros & Rudd, explained that a Chinese customer he lunched with on the day news of this broke assured him that the 2008 vintage would now be "the optimum gift you can give". Indeed, this person added, "If you don't give that vintage – even if the '82 is more expensive – then there will be a perception you are not giving the best you can."

This wasn't the only news on Lafite this year either. The end of October saw the château sell an enticing range of stock from its own cellars through Sotheby's, waving a red flag at the bull that is the Asian fine wine market, and achieving the desired effect – one buyer even paid an almost four-fold premium on the London price of Lafite '09, while the '82 went under the hammer for around £70,000 a case. However, could Lafite's

### Insider opinion: Hong Kong vs China

"There's a distinction between what's sold in Hong Kong and what's shipped on from Hong Kong into China," explains **Nick Pegna, managing director of Berry Bros & Rudd in Hong Kong**. "The Hong Kong market is much broader... and since taxes came off there are many more players in the market. When we first started in 1998 there were 50 large company competitors and now that is 250. It is a much more crowded marketplace with niche companies offering more esoteric wines and Hong Kong is becoming a lot more sophisticated as a market, but this is not necessarily reflecting what China is doing."

"The Chinese market is probably made up of 10-12 wines with a good translation and a memorable label. For example, Calons-Ségur has a very good translation: it basically means flying dragon, while Beychevelle has a label that appeals – it looks like a dragon boat. And if you think that learning Chinese involves trying to remember so many characters – it's all about visual recognition – then it's often those labels that stand out which do well."

decision to hold this auction be a sign that the market for this label has reached its peak? This time next year we'll know the answer but the trends suggest there is scope for yet further price increases.

Elsewhere among the firsts, Latour has jumped up to number two premier cru, overtaking Mouton Rothschild, despite the latter label's price appreciation due to rumours that its 2008 vintage will feature a label design by a Chinese artist

label confuse the new Asian consumer or add to its appeal? But this list clearly shows the extraordinary power of these labels, which have undoubtedly become status symbols.

### SECONDS PLAY CATCH-UP

Further, the first growth effect is far reaching: for example, Mission Haut-Brion has shot up 22 places this year – "it is no longer seen as the awkward young

brother", according to Hibberd – while the second wines from all these grands vins have burst onto the scene.

Indeed, this year's highest new entry at number 27 is Margaux's Pavillon Rouge, a result which may in part be connected to château manager Paul Pontallier sending his son Thibault to

act as brand ambassador for China – a post he is undertaking from a Hong Kong office opened earlier this year.

But it is more likely that Pavillon's performance is just a further example of the power of the first growth trademark and hence anything that resembles the grand vin big brother is doing well. Indeed, proof that Pavillon's success is

*PROOF THAT PAVILLON'S  
SUCCESS IS BRAND-DRIVEN MUST  
COME WITH THE FACT IT'S THE  
ONLY WINE IN THE TOP 50 WITH  
AN AVERAGE SCORE UNDER 90*

(confirmed at the end of November). As Hibberd proclaims: "Latour has taken its rightful place and regained some of its lustre."

Views of course vary on the relative merits of the premier crus in the booming Asian market – does the Haut-Brion bottle shape help or hinder the brand? And does Mouton's annually altering

### En primeur pricing

"There's no surer way to kill your brand than to over-price at en-primeur," comments James Miles, of Liv-ex. Of course the purpose of buying pre-bottling is not only to secure an allocation, but also to enjoy a lower price than waiting for the wine to become physical, some two years later. However, Miles warns: "Too many Bordeaux brands are coming out at outrageously high prices and not selling that much wine. And if you don't sell at en primeur then there is an overhang in the market, which has a double-edged impact: you kill off demand and you increase supply."

He continues: "Get the price wrong and you start to fall off people's radars. The most important marketing tool for even huge Bordeaux names is pricing the wine sensibly, making it seem like a fair value purchase for customers, because as soon as people feel they are being ripped off, they will look elsewhere, and there are plenty of other places to go and hunt."

Interestingly, Miles adds that Lafite's ascendancy may in part be due to its en primeur pricing. "If anything it has probably always priced too cheaply," he says, "and even now, there's plenty left on the table and [merchants] will follow brands that leave something on the table."

# THE LIV-EX POWER 100 – 2010 (41-70)

Source: Liv-ex.com

						Trade on Liv-ex		Average score		Average price (£/cs)		1 year performance (%)		Weighted production (£)	
Label	Region	Rank	Total score	Last year	Move	Result	Rank	Result	Rank	Result	Rank	Result	Rank	Result	Rank
Beaucastel	Rhône	41	273	50	+9	0.1%	58	96.20	11	415	103	6.3%	50	6,433,450	51
Fleur Pétus	Bordeaux	42	273	58	+16	0.1%	60	92.64	91	1,232	51	27.9%	14	5,131,653	57
Leroy	Burgundy	43	276	28	-15	0.1%	95	95.81	19	9,676	5	0.0%	97	4,837,940	60
Bouchard P&F	Burgundy	44	278	new	new	0.1%	82	93.25	71	3,408	16	9.4%	38	3,407,703	71
Chave JL	Rhône	45	281	43	-2	0.1%	142	96.25	9	1,998	30	8.6%	42	4,995,000	58
Troplong Mondot	Bordeaux	46	283	44	-2	0.1%	61	95.30	29	829	70	2.6%	69	6,220,602	54
Beychevelle	Bordeaux	47	285	53	+6	0.6%	22	90.31	118	473	98	42.0%	8	10,395,440	39
Taylor's	Port	48	286	48	0	0.1%	138	98.00	1	759	75	10.4%	35	10,623,200	37
Léoville Poyferré	Bordeaux	49	288	47	-2	0.5%	28	92.90	82	522	92	5.1%	52	10,868,159	34
Pichon Lalande	Bordeaux	50	292	60	+10	0.8%	20	92.40	99	720	77	3.8%	61	10,797,474	35
Vieux Château Certan	Bordeaux	51	294	68	+17	0.1%	53	94.10	50	971	61	4.3%	58	3,399,200	72
Grivot J	Burgundy	52	298	new	new	0.1%	107	93.28	70	2,211	27	7.6%	46	7,295,123	48
Conseillante	Bordeaux	53	303	61	+8	0.2%	41	93.51	64	944	62	1.8%	80	5,194,200	56
Leflaive	Burgundy	54	304	29	-25	0.2%	45	93.46	65	1,852	32	-1.5%	115	7,406,165	47
Petit Mouton	Bordeaux	55	306	new	new	0.5%	27	89.10	133	904	64	77.5%	6	3,237,352	76
Haut Bailly	Bordeaux	56	308	64	+8	0.1%	78	94.61	41	546	89	10.3%	36	4,535,830	64
Bahans/Clarence Haut-Brion	Bordeaux	57	311	new	new	0.4%	32	89.10	133	673	80	46.4%	7	4,930,158	59
Sauzet E	Burgundy	58	316	51	-7	0.1%	129	94.56	42	1,819	34	2.2%	71	10,001,973	40
Lafleur	Bordeaux	59	321	37	-22	0.2%	43	92.61	92	6,854	7	-4.4%	129	6,853,528	50
Henschke	Australia	60	323	45	-15	0.1%	136	94.00	54	3,346	17	15.2%	25	1,673,233	91
Léoville Barton	Bordeaux	61	324	70	+9	0.7%	21	92.25	101	516	94	1.8%	76	11,354,640	32
Evangile	Bordeaux	62	327	77	+15	0.3%	36	93.60	63	1,271	50	-1.2%	113	4,449,826	65
Hosanna	Bordeaux	63	329	90	+27	0.1%	141	95.00	37	1,451	47	24.5%	15	1,886,151	89
Gaja A	Italy	64	331	63	-1	0.1%	89	94.39	45	1,910	31	1.2%	85	2,579,150	81
Solaia	Italy	65	334	34	-31	0.1%	116	94.00	54	1,489	44	1.5%	82	10,419,828	38
Trotanoy	Bordeaux	66	335	79	+13	0.1%	80	94.72	40	1,503	43	0.3%	94	3,006,369	78
Jaboulet	Rhône	67	336	74	+7	0.1%	69	90.25	120	889	66	8.0%	45	10,662,797	36
Vega Sicilia	Spain	68	339	16	-52	0.1%	144	92.75	88	1,851	33	7.4%	47	14,809,402	27
Pichon Baron	Bordeaux	69	340	35	-34	0.4%	30	92.80	84	631	85	-1.0%	112	12,610,400	29
Lascombes	Bordeaux	70	344	31	-39	0.1%	56	92.71	90	461	99	4.6%	57	9,688,560	42

brand-driven must come with the fact it's the only wine in the top 50 with an average score under 90.

The demand for second wines was apparent last year, when the fastest appreciating label was Carruades de Lafite, known as baby or little Lafite in China. This was the first signal that Asian consumers were looking to buy either the best or the closest approximation of the best they could find. Carruades, Pavillon Rouge, Forts de Latour, Le Petit Mouton (another new entry) and the newly rebranded Clarence de Haut-Brion, formerly Bahans, all offer the buyer a cheaper and similar-looking slice of the proverbial action. Likewise, Duhart-Milon, which is second only to Pavillon Rouge in terms of one-year price

performance in 2010, is also part of this demand for lookalikes because, in the words of Hibberd, "It is treated as the third wine of Lafite."

The same trend also explains another phenomenon, which although not explicitly shown in the table, is boosting the performance of the first growths. This is the price appreciation of so called "lesser vintages" among the top five, which is a further reflection that the Far Eastern consumer is more concerned with brand than year – or indeed score. "In the past great vintages and high Parker scores did well, but now what does well is the cheapest wine – for example, the best performing vintage of the last 10 is often 2002 because it's the least expensive," says Miles.

However, to turn to the patterns apparent outside the first five, it should be noted that strong performance is centred this year on the large-production left bank labels such as Lynch-Bages, Pontet Canet, Léoville las Cases and Cos d'Estournel, while Léoville Barton is up nine places and d'Armailhac and Talbot have burst onto the table this year. These are brands that are well-known in the UK and Asia, and importantly, produced in large quantities. As Miles stresses when discussing the new Far Eastern fine wine consumer: "It's about availability; they want it now, on the table, and they don't want to wait."



# THE LIV-EX POWER 100 – 2010 (71-100)

Source: Liv-ex.com

Label	Region	Rank	Total score	Last year	Move	Trade on Liv-ex		Average score		Average price (£/cs)		1 year performance (%)		Weighted production (£)	
						Result	Rank	Result	Rank	Result	Rank	Result	Rank	Result	Rank
Petit Cheval	Bordeaux	71	347	93	+22	0.1%	57	90.25	120	873	67	15.9%	24	2,908,358	79
Calon-Ségur	Bordeaux	72	357	81	+9	0.2%	39	90.91	112	413	104	4.2%	59	8,268,000	43
Pegau	Rhône	73	357	new	new	0.1%	70	96.25	9	379	107	1.4%	83	1,895,000	88
Fonseca	Port	74	359	66	-8	0.1%	135	95.60	25	524	91	4.6%	55	6,290,400	53
Janasse	Rhône	75	368	62	-13	0.1%	137	95.25	30	618	86	21.0%	20	1,236,539	95
Figeac	Bordeaux	76	371	new	new	0.1%	63	92.83	83	760	74	-0.7%	106	7,602,400	45
Raveneau	Burgundy	77	372	38	-39	0.1%	55	93.71	62	1,119	54	-3.9%	128	3,357,381	73
Pavie Macquin	Bordeaux	78	375	new	new	0.1%	84	94.03	52	538	90	3.0%	66	2,463,370	83
Clerc Milon	Bordeaux	79	378	97	+18	0.3%	37	90.63	114	327	116	7.0%	48	4,576,775	63
Pape Clément	Bordeaux	80	380	36	-44	0.1%	87	94.31	47	791	73	-2.4%	121	6,326,404	52
Clos Fourtet	Bordeaux	81	380	86	+5	0.1%	110	94.00	54	513	95	10.0%	37	2,460,978	84
Pape Clément Blanc	Bordeaux	82	382	new	new	0.1%	117	96.00	14	1,125	53	-0.1%	99	562,495	99
Rousseau A	Burgundy	83	385	25	-58	0.1%	96	93.38	66	2,511	24	-4.6%	130	3,766,519	69
Issan	Bordeaux	84	388	new	new	0.1%	83	92.60	93	364	109	11.6%	29	3,338,500	74
Clinet	Bordeaux	85	391	new	new	0.1%	65	93.02	78	596	87	2.7%	67	1,389,213	94
Roumier	Burgundy	86	393	80	-6	0.1%	143	93.13	76	3,272	19	3.8%	63	1,635,779	92
Smith Haut Lafitte	Bordeaux	87	396	87	0	0.1%	81	94.01	53	422	102	2.2%	73	2,108,461	87
Armailhac	Bordeaux	88	397	new	new	0.1%	49	89.40	128	259	130	12.0%	28	4,670,032	62
Talbot	Bordeaux	89	402	new	new	0.3%	34	89.60	123	290	126	2.4%	70	7,251,200	49
Rauzan-Ségla	Bordeaux	90	405	91	+1	0.1%	76	92.42	98	491	97	2.6%	68	4,416,192	66
Pavie Decesse	Bordeaux	91	409	new	new	0.1%	92	94.52	43	1,102	55	-10.6%	139	2,753,814	80
Rouget E	Burgundy	92	409	new	new	0.1%	118	92.50	93	3,527	15	1.0%	87	1,058,108	96
Dauvissat	Burgundy	93	409	83	-10	0.1%	140	93.81	60	850	68	8.7%	41	424,960	100
Dow	Port	94	411	new	new	0.1%	128	94.00	54	384	106	11.4%	30	1,428,480	93
Climens	Bordeaux	95	416	new	new	0.1%	124	96.12	13	710	78	1.8%	111	1,774,789	90
Bonneau du Martray	Burgundy	96	421	85	-11	0.1%	86	93.25	71	669	81	0.0%	98	2,340,800	85
Malescot St Exupery	Bordeaux	97	421	new	new	0.1%	101	93.02	78	441	101	2.1%	74	4,409,019	67
Clos l'Eglise	Bordeaux	98	429	new	new	0.1%	120	93.31	68	795	72	2.2%	72	993,358	97
Rieussec	Bordeaux	99	438	92	-7	0.3%	38	94.25	49	304	124	-10.9%	141	2,127,320	86
Pol Roger Sir Winston Churchill	Champagne	100	441	69	-31	0.1%	115	94.33	46	908	63	-2.1%	119	908,200	98

Of these labels, Miles picks out two names in particular. One is Pontet Canet, up 12 to 12th place, which he describes as “a fifth growth making second-growth-and-better quality, while the ‘05 and ‘09

*IT'S ABOUT AVAILABILITY; THEY WANT IT NOW, ON THE TABLE, AND THEY DON'T WANT TO WAIT*

were exceptional and it's biodynamic and next door to Mouton, so great terroir; it's a story of improvement". The other is 17th place Léoville Las Cases, which has

held its position. “On average it's less than £1,400 per case, but it has the same score average as Mouton,” he says. “It's half the price of Carruades de Lafite and now it is looking so cheap that at some point it has got to go up. It may sound ridiculous, but at £100 a bottle Léoville Las Cases is a bargain.”

## IT'S NOT RIGHT

But what of right bank Bordeaux? This year brands such as Angelus are down 12 places, while

Pétrus falls three and Ausone holds its ninth-place position. Pétrus is the most expensive wine in the list, but falls out of the top 50 in terms of one-year

performance (although further down the list Pomerol's Evangile, Hosanna, Vieux Château Certan and Conseillante have done well). Simply put, Hibberd says the demand is “about left bank brands and the right bank is not doing well in Asia”. As mentioned above, relatively low levels of production among these wines is hampering their performance in the Far East – a market that also seems immune to the draw of a perfect Parker score. Summing up, Hibberd says: “Pétrus does better than most and Angelus is very popular in France and had a good year last year, but hasn't managed to keep the same momentum – the right bank hasn't ▶

### Insider opinion: threats to growth

"The market is utterly brand driven at the moment and it doesn't matter what vintage, says **Justin Gibbs, director of Liv-ex**. "I didn't think Carruades would push on as hard as it has – it has made the move from 2k to 3k and looks as though it could make it to 4k. "What's to stop the growth running into Chinese New Year at the beginning of March? That's the Asian market; it's driven by salutary moments such as the autumn festival.

"Of course the Chinese may rein in inflation, and it feels as though it requires that...

"And it's dangerous to think it's a momentum that will never cease. No doubt those in Bordeaux are confident enough in the long term to invest in China and build their stories, but the growth won't be a straight line – there will be ever-rising peaks and troughs along the way."

### Insider opinion: Chinese market vis a vis US and UK markets

"The demand in Asia for a few labels may be perceived as narrow – but I view it as a market that is just starting out and their tastes will continue to grow," says **Richard Brierley, head of fine wine at Vanquish Wine**. "I experienced this in a similar way in the US throughout the late '90s and early part of this century... The second wines are being bought in large quantities and allow a large sector of Chinese society to begin to understand and explore the complexity of great Bordeaux at a lower price point.

"From our experience there has been a broader acceptance of the so-called 'weaker vintages' in China. They are keen to explore the differences. This differs from the US market where only the best will do and more closely reflects the traditional UK market where each vintage has a drinking window to be enjoyed."

got the driving force from Asia." Don't forget, too, that these wines are already extremely expensive: Pétrus, Le Pin, and Ausone are first, third and fourth

region one would have expected to do better if the projections from the major merchants were accurate. However, it seems the Far East is still yet to really

seek out wines from Burgundy, or rather, as Hibberd notes: "Burgundy hasn't had a bad time of it (the top brands still sell all they can produce), it is just that the market is currently extremely dominated by Bordeaux – to the detriment of all else."

*IN THE ALMOST RED-WINE-ONLY CHINESE MARKET, TOP WHITE BURGUNDY IS OF MINIMAL INTEREST, WHILE BURGUNDY IS TOO COMPLICATED*

most expensive labels on this list.

The second priciest is DRC, and looking outside Bordeaux, Burgundy is a

Further, in the almost red-wine-only Chinese market, top white Burgundy is of minimal interest, which may explain

Leflaive's slide of 25 places, while Burgundy is no doubt still too complicated for this fledgling fine wine consumer. As for high new entrants Bouchard and Grivot, Hibberd calms any excitement by explaining: "The truth is that they just happened to trade enough to be considered this year, unlike last. Both are strong brands when given a chance."

### FIZZ FALLS FLAT

Then there's Champagne, which has continued its downward trend since its peak performance in 2008. Again, dictating this region's lacklustre performance is the Chinese market, because here, neither white nor sparkling wines have the appeal of red Bordeaux. One merchant even suggested that the fizz in Champagne may be hampering its adoption as it makes the wine too hard to plug as part of the aforementioned gan bei toast, which requires those present at celebratory occasions to down what's in their glass.

Drinking rituals aside, Miles says: "It's all about the shift from West to East – the East don't drink Champagne and the West, which is weak, do. The Chinese just want big brand name clarets."

Elaborating further on this focus on the few, he adds of the survey overall: "Only one-third of the wines in this list have gone up in double digits and there are 19 wines here that have actually gone down in price."

Salon Mesnil does, however, buck the Champagne downward trend. It is a brand that was never caught up in the fashion for conspicuous prestige cuvée consumption while it's certainly high scoring, and hence this year, Salon

### Insider opinion: expensive brands and cheap vintages

"The wine market has enjoyed a buoyant 2010 as drinkers and investors threw away the macro-economic concerns that dominated the outlook in 2008/2009... The two key narratives for the period relate to the great strength of a narrow set of favoured brands and the outperformance of certain vintages," says **Geraint Carter, investment analyst at Bordeaux Index**.

"Of the brands, Lafite has dominated on a value/volume metric, not to mention column inches! Elsewhere I would note the strength of Haut-Brion which has traded, on a volume basis, above Latour/Margaux and almost on a par with Mouton, this despite its much smaller production. The first growths have worked hard to promote their image in the key growth markets of Asia and are reaping the rewards handsomely. Away from the first growths, there has been a strong sales contribution from Pétrus, Lynch-Bages, Pavie and Ducru Beaucaillou, while Ausone and, to a lesser extent, Cheval Blanc have struggled to keep pace.

"In contrast to the early years of the wine boom where the iconic vintages dominated returns, the top achievers of 2010 have come from the 'off-prime' vintages of 2004, 2007 and, above all, 2008. This dynamic reflects the preference of the Asian market for both young (physical) wines and the cheapest available vintage of the correct brands. It is ironic that the great prices achieved for 2009 came at a time when the 'off-prime' pattern had become so evident."

is up 20. Cristal, on the other hand, "is treading water", according to Hibberd, while Krug, he points out, "was the 17th most traded wine [on Liv-ex] in 2008,

among the Super Tuscans with the likes of Ornellaia and Masseto down 20 and 12 places respectively.

Interestingly, Opus One and Dominus, two Napa valley brands with a strong French influence have also done well this year. As Hibberd explains: "Sassicaia, Opus One, Dominus, they are all Bordeaux blends, and the reality of fine wine is that 94% of what we trade is a Bordeaux blend and 98% plus is French."

Hence, looking to Spain, Pingus has dropped out of this year's table, while

Vega Sicilia is down 52 places, and Port is sadly, in the words of Miles, "pretty irrelevant". Taylor's is still the top brand from the Douro, and once more the highest scoring wine in the survey – "I don't think it has ever got lower than 96 points," says Hibberd – while Dow's has come onto the table in 2010, perhaps because it was awarded 100 points for its

2007 vintage and it was offered on La Place for the first time this year.

Back to France, it's worth noting the strong performance of the traditional Châteauneuf-du-Pape brands such as Clos Papes (up 28), Rayas (new entry), Beaucastel (up 9) and Pegau (new entry). "These are strong brands and not super cuvées," states Hibberd, referring to the practice by some in the southern Rhône of producing ever more rarefied special blends, which may attract high scores, but also strip out a lot of highly extracted components and, in the process, according to Hibberd, "bastardising the core wine".

### FUTURE TRENDS

Are there other trends this year to highlight? Something final to point out is that although this feature has referred in passing to Parker score, it has not stressed the definite decline in Parker power. Aside from the surging demand for low-scoring second wines, perhaps the clearest sign of his dwindling influence is the high new entry for Figeac, a particularly pleasing result for an unfairly maligned wine. As Miles states: "The Parkerisation of the market is going out of the window because the Chinese don't read Parker." Similarly, Hibberd adds: "A Parker tasting note doesn't mean a hell of a lot to someone in China who doesn't know about loganberries."

In essence, it's a further sign of China's approach to fine wine. Unlike the US market, which is about collecting rare wines with high scores, China is characterised by conspicuous consumption of high-profile brands. "It's about saying look how rich I am and haven't I got good taste," explains Miles, "and French luxury products and Italian

## A PARKER TASTING NOTE DOESN'T MEAN A HELL OF A LOT TO SOMEONE IN CHINA WHO DOESN'T KNOW ABOUT LOGANBERRIES

last year it was the 22nd and now its down at 52".

Elsewhere other labels of note this year include Sassicaia, which is up 18 and "is a fantastic brand", according to Hibberd, "with the name recognition, cachet, and with a £1,000-per-case average it is cheaper than top Bordeaux". This label's performance is, however, standalone



furniture are regarded as really classy in China.” Further, the Chinese mentality is, he adds, “I want the best and I want it now, and I want 50 cases.”

And it’s the quantity required and expansion in the number of customers that means, for the future, “the market can’t go on like this”, according to Miles. “There is not enough Lafite and Carruades and what we are going to find is that China is going to start to look further down the list, for example to lower-value wines like Beychevelle, Clerc Milon or d’Armailhac – which are made in big volumes and have affordable prices.”

Hence, he forecasts a “broadening out of the market in the next 12 months”, and as a result, “a lot of third, fourth and fifth growth Bordeaux is going up in price: the

## NOW YOU WON’T GET A SECOND WINE IN A GOOD VINTAGE FOR UNDER £1,000 A CASE

£20-a-bottle classed growth claret is a thing of the past, everything is going to be £50 and above”. While, as Hibberd adds: “Now you won’t get a second wine in a good vintage for under £1,000 a case.”

There’s also 2010 Bordeaux to consider, which Staples at Berry Bros confidently predicts will be priced at 2009 levels. “The châteaux are going to sell at the same prices and see who steps up to the plate. The idea of going to Bordeaux in February to bang the drum that prices have got to be less is a pointless task.”

In the much longer term, Miles warns that the spending spree could come to an

### Liv-ex Power 100: methodology

A list of all trades on the Liv-ex Fine Wine Exchange from the last year (November–November) were generated and from that we identified a basket of 163 brands. These were then ranked in order of how much monetary value total trade had occurred on the exchange in the last year (Ranking 1).

Where the brand is a grower we then identified a basket of their most famous wines, which we used for all subsequent calculations. We also identified the five most recent vintages for each wine available in the marketplace. For Bordeaux the vintages used were 2005–2009, for Burgundy ‘04–‘08 and for Rhône ‘03–‘07. For other regions this was done on an individual basis. For Ports and Champagnes the last five declared vintages were used.

We then calculated the average score from Robert Parker for each brand for the last five vintages available in the marketplace and ranked them from highest to lowest (Ranking 2). Where no Parker score was available we used scores from *Wine Spectator*. For Burgundy wines Allen Meadow’s (Burghound) scores were used.

We calculated the current average best price based on merchants’ price lists for each brand for the last five vintages (Ranking 3).

To measure performance, we calculated the average case price for each wine a year ago and compared it to its current price. We also modified the vintages used to ensure we were comparing like with like. The bigger the price increase, the higher the ranking (Ranking 4).

We then calculated a provisional score by totalling up the rank number of each brand for the four components. With the top 100 brands (the 100 lowest scores) from the provisional rankings we multiplied the current average price with an average production figure to get a production weighted average price and ranked the brands according to this (Ranking 5).

Finally, we totalled up the rank number of each brand for all five components to get a score, the lower the score the higher ranked the wine. Where wines have the same score, the wine that scores better in the most categories is ranked higher.

abrupt end. “The Asians are starting to put interest rates up now to stop money seeping out and you have to remember that China is still a command economy,” he says, before recalling the ‘97/‘98 Asian crisis when fine wine prices dropped overnight by 50%. “But,” he concludes, “I don’t see anything like that happening soon, and I’m sure there’ll be more surprises as to where prices go between now and when the bell does finally ring.” db

