

# the drinks business

ISSUE 43

HONG KONG

## DB AWARD WINNERS

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## HEATING UP

HOW ARE CLASSIC WINE REGIONS RESPONDING TO CLIMATE CHANGE?

**PLUS:**  
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THE MACALLAN  
JAPANESE WINE

## INTENSE LUXE

AS THE LIV-EX POWER 100 IS REVEALED, WE SHINE A LIGHT ON CHAMPAGNE AND LUXURY SPIRITS

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**FOR DECADES**, prestige cuvées have been marketed as a wafer-thin slice of an enormous pie; rarified, glamorous and, naturally, far more expensive than 'everyday' Champagne. Their position at the top of the sparkling wine hierarchy has remained unchallenged, while at least one house, Perrier-Jouët, made the decision to stop producing a standard vintage expression altogether. Similarly, venerable brand Ruinart no longer distributes its vintage R de Ruinart in the UK market. "I have always sold relatively small amounts of vintage Champagne," says sommelier Roberto Della Pietra. "People today want either a known NV Champagne or the luxury associated with a prestige bottling."

Moreover, there are no signs that the market is starting to tire of the prestige segment – if anything, consumer demand

## The bottle was designed in collaboration with French jeweller Mellerio, and is adorned with over 500 tiny diamonds, and a one-carat diamond, ruby, emerald or sapphire centrepiece

for luxury Champagne appears to be insatiable. "Often it's assumed that when you feed markets, they go down, but that's not the case. As seen here, they can be stimulated," says Liv-ex director Justin Gibbs.

"If you look at Dom Pérignon – by far the biggest Champagne producer attracting secondary-market activity – it released a vintage four years running. The scores are relatively high, and the prices are holding steady. So it wouldn't appear to have saturated the market," he adds.

Yet in recent times, a growing number of houses have been challenging the notion that the prestige cuvée is the ultimate

benchmark for deluxe fizz. Several major producers – including Moët & Chandon, Louis Roederer and Piper- and Charles Heidsieck – have released tiny volumes of über-expensive, limited edition bottles, causing quite a stir in the media and trade. Designed to create a new standard in luxury Champagne, these new kids on the block take prestige cuvées to unprecedented heights.

### PRECISE MARKETING

However, in this emerging sphere of deluxe fizz, there is significant variation, both in product and promotion. Champagne houses need precise and sophisticated marketing to justify the hefty price tags of this new clique, and to avoid creating a bling association. Two strata have emerged – one primarily focuses on the rarity of the liquid, thereby reinforcing the established tradition of releasing late-disgorged Champagne, while the other focuses on the lavish design of the bottle itself.

On the latter point, a growing number of brands are working with jewellers and artisans to create extremely expensive niche releases.

This dramatic approach to marketing Champagne reached its zenith in October, when Piper-Heidsieck announced the launch

of two limited-edition deluxe cuvées – Rare Le Secret High Jewellery and Rare Le Secret Goldsmith. The former is beyond exclusive; just 10 bottles of the zero-dosage Champagne (1997 vintage) have gone on sale worldwide, including a diamond and sapphire edition in the US and a diamond version in France. The bottle was designed in collaboration with French jeweller Mellerio, and is adorned with over 500 tiny diamonds, and a one-carat diamond, ruby, emerald or sapphire centrepiece. The UK market was treated to three bottles, currently on sale at Harrods for the formidable asking price of £115,000. It is, in every sense of the

### Feature findings

- > There are no signs that the market is starting to tire of the prestige segment – if anything, consumer demand for luxury Champagne appears to be insatiable.
- > Two strata have emerged in luxury Champagnes. One primarily focuses on the rarity of the liquid, while the other focuses on the lavish design of the bottle itself.
- > Piper-Heidsieck has launched two limited edition deluxe cuvées – Rare Le Secret High Jewellery and Rare Le Secret Goldsmith. There are just 10 bottles of the former, including a diamond and sapphire edition in the US and a trio at Harrods in London.
- > Late-disgorged prestige cuvées are increasingly becoming a common sight in upmarket retailers and restaurants worldwide

word, a world away from the maison's NV Brut offering. So why did Piper-Heidsieck do it?

"In 1997, Régis Camus, our Rare Champagne cellar master, had a moment of inspiration. The harvest was difficult and the house had decided not to release a vintage, but he saw something unique in some of the base wines; so he decided to secretly blend a small quantity of this cuvée, ageing it in magnums in his private cellar," explains Benoît Collard, executive vice president for Piper-Heidsieck. "Twenty years later, Régis tasted the wines and finally revealed his secret to the maison and the world, as he felt this personal cuvée was ready to be shared." But will this lead to more collaborations and special edition releases in the future?

"A release like Rare Le Secret is unique and won't happen in the same way again, as it was a personal creation by Régis

# luxury champagne



The thirst for DP is as strong as ever

Camus 20 years ago, blended after a series of extraordinary events," says Collard. Surprisingly, he claims that such initiatives are hardly groundbreaking, and that the Champenoise have historically worked with artisans to produce eye-catching, newsworthy bottles. "We searched our archives and found that artistic collaborations in the past have led to great things, as there is so much to learn from different creative fields," he says.

Indeed, Rare Le Secret is just part a growing trend – family-owned Champagne house Edouard Brun launched a limited-edition porcelain bottle costing €8,000 (HK\$71,000) in October. The Ay-based producer collaborated with German porcelain producer Reichenbach and American artist James Rizzi on the bottle, which is designed to protect the liquid from ultraviolet light. In 2013, Champagne Louis Roederer teamed up with luxury designer Philippe di Méo to create a limited edition Jeroboam design for its prestige cuvée Cristal 2002. Just 200 of

**Family-owned  
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## Trade talk: How are you taking the prestige cuvée category to the next level, and why?



### Michel Drappier, owner, Champagne Drappier

"For Drappier, prestige cuvée doesn't mean packaging and marketing. It is about the DNA of the house transmitted over generations. The signature of a terroir, the culmination of years, sometimes decades of work leading to the isolation of the soul of a Champagne made by a man, a woman or a family. The house style must be recognisable in the prestige bottle. It should not be democratic, it is made to please a limited number of people enjoying this very wine. That is why Drappier Grande Sèndrée comes from a *lieu-dit*, grown organically to enhance the terroir, with low dosage, low sulphites and unfiltered so that nothing is hidden. An egg-shaped barrel is used for Premium Grande Sèndrée, which will be released in a year or two."



### James Simpson MW, managing director, Pol Roger

"We continue to only vinify in truly exceptional years, so we will not be releasing a 2010 nor a 2011. We focus all of our efforts on the winemaking process with a rigorous selection process and a very small production. Pol Roger recently invested €15 million (£13.24m) in improving its winery, and we are constantly refining the selection process, using fruit uniquely from grand cru vineyards, from ones that are either family owned or from owners who have a long-standing connection with the family. We age our prestige cuvée for the optimum period of time to ensure the wine is suitably evolved to be enjoyed upon release, but will also benefit from further cellaring."



### Hervé Dantan, chef de cave, Champagne Lanson

"In the 1970s, Lanson created a collection of vintages to be preserved for future generations. The Lanson family were convinced that Champagne was a wine that was able to develop and deliver even greater maturity and harmony after many years of ageing. They had great vision and were ahead of their time and built a prestigious collection, beginning with the 1976 vintage. They stored each subsequent great vintage in magnums 'sur pointe' without disgorgement. A few years ago, Lanson decided to open its LVC (Lanson Vintage Collection) to private collectors and sold a limited selection of its great vintage magnums from: 1976, 1979, 1982, 1983, 1985, 1988, 1989, 1990, 1995, 1996, 1997 and 1998. Some of the oldest wines in this collection will continue to be sold over the coming years."



### Benoît Collard, executive vice president, Piper-Heidsieck

"The world of prestige cuvée Champagne embodies all the quality cues of Champagne, but takes it to a higher level: ultimate quality and a brand image that carries status and luxury. Our Rare Champagne is a true exception in Champagne, from its blending and winemaking, to its unique bottle. Régis Camus kept around 1,000 magnums of a cuvée he was not due to create in the cellar, so we decided to pay tribute to Rare with Rare Le Secret. We asked the oldest jewellery house in the world, Mellerio, to create a unique jewellery dress for those magnums. Inspired by the blend of Pinot and Chardonnay, white and yellow gold laces entwine the bottle, while gold ribbons paved with diamonds pay tribute to Marie Antoinette, a figure in both Mellerio's history and ours."

these Jeroboams went on sale with a global RRP of £18,000 (HK\$180,000) each. All of which makes the Dom Perignon rosé 2005 Tokujin Yoshioka Special Edition seem a relative bargain at £330.

Collard suggests that the customer profile for Rare Le Secret and other noteworthy releases is “a passionate connoisseur, someone who is knowledgeable about wine and vintage Champagne”. Yet it is clear that only high net worth consumers are in the market for such exorbitantly expensive brands. These releases are surely designed to make a noise, rather than to provide a lucrative income or appeal to existing Champagne fans.

“Houses such as Piper-Heidsieck are not selling the wine, they are selling the experience of buying something super-expensive and exclusive. It stops being a bottle of wine at some point and becomes something else altogether,” argues Cedric Nicaise, wine director at Eleven Madison Park in New York.

#### CUSTOM JEWELLERY

He adds: “I will admit that I have not spoken or written about Piper-Heidsieck at any other point in my career. So maybe Rare Le Secret is accomplishing exactly what they were hoping it would – recognition. I’m not even sure that they will make that much money from the release. Between the custom jewellery and all the diamonds that you get, it might not return a huge profit, which is why they only made 10 bottles. If they thought they could make a lot of money, they would have made larger volumes.”

Peter Mitchell MW, Laytons Wine Merchants’ wine buyer, expands on the theme. “These releases might attract a different sort of consumer into their brand through the perceived rarity and expense of these wines, rather than through any intrinsic quality. I have not seen any benefit among more traditional Champagne customers,” he says.

“In more traditional markets, such as our own, there is a small risk that they

will be seen as vulgar, but I suspect as long as the branding is kept separate from the more prosaic offerings, it will have little negative effect. As these cuvées are aimed at a very specific sector of the market, I don’t expect many people will ever see them on a shelf or even be aware of them.”

This observation is difficult to refute – the tiny volumes of these new deluxe Champagnes, released through exclusive and tight distribution channels, ensures that there is no potential for a “commercial backfire”, in creating a blingy or tacky association. “I don’t think this type of product is meant for the on-trade (except, perhaps, for clubs), or for the connoisseur, nor do I think there is

**‘I don’t think this type of product is meant for the on-trade (except, perhaps, for clubs), or for the connoisseur, nor do I think there is any harm in it’**

any harm in it,” says Christine Parkinson, Hakkasan’s group head of wine. “Taittinger’s Art Collection has never damaged sales of the rest of Taittinger’s range, even though it is packaged and marketed more as art than as wine.”

Nevertheless, while special edition bottles remain a minute part of the luxury fizz landscape, late-disgorged prestige cuvées are increasingly



**Gold standard: Piper-Heidsieck**

becoming a common sight in upmarket retailers and restaurants worldwide. If you like the complexity inherent in an extended period of lees ageing, take your pick from Dom Pérignon P2 and P3, Bollinger RD, Krug Collection, Moët & Chandon Grand Vintage Collection and Cristal Vinothèque. Champagne Louis Roederer released the first of its extremely limited edition, extra-aged Cristal (1995 brut and rosé), known as Vinothèque, in November 2017 – the 1996 was brought to market in 2018.

Quantities are kept purposely small, with no plans to increase production, according to *chef de cave* Jean-Baptiste Lécaillon. “The global quantities of 1996 Vinothèque are 500 white and 270 rosé, the same as 1995,” says Lécaillon.



# luxury champagne



Fine wine shop Hedonism in Mayfair has a room dedicated to Charles Heidsieck

"Our biggest market is France, and is likely to remain so for the time being. The *Vinothèque* concept was deliberately started in 1995, identifying this exceptional vintage and earmarking it as an opportunity to extend the ageing and keep it back at the cellars to release the Champagne when it is drinking beautifully. It is an opportunity to see just how complex and majestic Champagne can become with time."

## RARE AND EXCLUSIVE

According to Lécaillon, the 1996 was aged *sur latte* horizontally for 10 years, followed by a further 10 *sur bouchon* (in contact with the cork). Leading producer Charles Heidsieck is another house keen to make some noise in the rare and exclusive end of the fizz market. In November, the maison released a limited edition set of mixed cases of its Blanc des Millénaires, featuring every vintage ever made. Just 150 cases have been released globally, and each contains a bottle of the 1983, 1985, 1990, 1995 and 2004 vintages of the renowned blanc de blancs. The asking price? At least HK\$27,000 per case.

"Every year the house will release some oenothèque cuvées for the pleasure of Charles lovers in the world," says Willem

Pincon, Liberty Wine's senior brand manager. "As we released Blanc des Millénaires 2004 early in 2018, we wanted to celebrate this very unique prestige cuvée by offering the first ever vertical of Blanc des Millénaires."

Stephen Leroux, Charles Heidsieck's

**'As we released Blanc des Millénaires 2004 earlier this year, we wanted to celebrate this very unique prestige cuvée by offering the first ever vertical of Blanc des Millénaires'**

executive director, adds: "Releasing these treasures from our cellars is an extraordinary thing to do. The Collection Crayères is an exercise in balance – to enable wine lovers to obtain such rare bottles while ensuring stock remains available for future generations."

Laurent d'Harcourt, president of Pol Roger, has plans to increase the amount of library stock of top drop Cuvée Sir

Winston Churchill, so that the house can offer older vintages to the on-trade. "Currently, Pol Roger does not offer any late-disgorged Champagnes to our partners worldwide. However, we do age the original disgorgements in our cellars and maintain a library of older vintages. These are occasionally made available to selected international partners. We have plans to offer more back vintages to our customers, however, I cannot go into details at this stage. We'd like more older vintages of Winston Churchill, for example, to be made available to the on-trade. But these will be the original disgorgements. We currently sell all of our Champagnes under allocation, so it will take some restructuring to start offering our customers a regular back catalogue of mature vintages, aged in our cellars."

Of course, the launch of labels like *Vinothèque* and Heidsieck's oenothèque cuvées is hardly groundbreaking – Bollinger introduced its R.D. (Recently Disgorged) label in 1961. Nevertheless, it represents a growing drive by the industry to reinforce Champagne's luxury credentials, and further distance itself from its mass-market rivals in a crowded category.

It's no secret that sparkling wine sales have been a great success story in the UK of late; according to accountancy group UHY Hacker Young, 34.4 million gallons of sparkling wine were sold in the UK between September 2016 and September 2017, compared with 31.6m the previous year. But while the market for sparkling wine is undoubtedly booming, it's also clear that not every segment has benefited from the category's massive appeal. According to figures released by the



**Bottle rocket: Moët & Chandon's MCIII release**

Comité Champagne, shipments of Champagne to Britain in 2017 fell by 11% in volume, while the total value of exports declined to €415.2m (HK\$3.7bn), down from €440.3m in 2016.

Even more troubling is Champagne's performance in the prestige hospitality sector; its natural home. Mark Newton, an analyst at CGA Strategy, told *the drinks business* that in the 12 months to October

huge retail discounts one regularly observes in the supermarkets. "The Champenoise need to somehow stop the supermarkets bastardising the product, which has completely destroyed independent sales and lessened the brand," says Ted Sandbach of the Oxford Wine Company.

However, closer scrutiny of Nielsen data suggests that it is the repeatedly

discounted, buyer own-brands (BOBs) that are suffering the most from this fall in demand, which may be no bad thing. Allison Lock, a Nielsen analyst, reveals that while overall Champagne volume has fallen in the off-trade, the average price per 75cl has risen from £19.49 to £20, a 2.6% increase. She points to evidence of a

steady rejection of BOBs in favour of premium styles. "Private Label, which accounts for 10% of total Champagne, has seen the biggest value declines, down by 11% (£11.3m) on the yearly average," says Lock.

"Prosecco clearly poses a large threat to Champagne, but this threat is felt most acutely by the cheaper end of the Champagne spectrum, with premium Champagne still considered a luxury purchase," she adds.

Therefore, the growth of these exclusive, late-disgorged labels

and special edition cuvées such as Rare Le Secret and Vinothèque can be seen as a marketing masterstroke, particularly when the fizz market is becoming polarised. With intelligent marketing, they perhaps offer the best opportunity for Champagne to create added value, and distance itself from high quality rivals such as English sparkling wine. The success of leading labels such as Nyetimber is a real threat, particularly as the best English

producers often price their cuvées at NV equivalency, and are now marketing a small number of prestige cuvées of their own.

Other producers favour a more subtle approach to the marketing of rare Champagne. Lanson offers a "disgorge to order" service for its top clients, giving collectors and connoisseurs access to rare vintages that have been kept in pristine condition in its cellars. In 2014, a bottle of Pol Roger from the historic 1914 vintage sold at a Bonhams auction in London for £5,640 (HK\$56,000). The 1914 is also on the wine list at The Connaught hotel, priced at £16,500 (HK\$160,000).

Meanwhile, industry giant LVMH is firmly committed to offering its customers late-disgorged versions of its

**In 2014 a bottle of Pol Roger from the historic 1914 vintage sold for £5,640 at auction. The 1914 is also on the wine list at The Connaught priced at £16,500**

2018, overall Champagne sales sank by 10.7% in the UK on-trade, while in the same period sales fell in value by 7.6%.

The blame for this situation is usually thrown at Prosecco, in conjunction with post-Brexit market inflation and competition from English sparkling wine, all of which have combined to form the perfect storm, according to insiders.

But equally, the entire industry must take some responsibility for the state of affairs. For a start, some brands have arguably jeopardised the region's overarching premium image over the past few years by allowing or enabling the



# luxury champagne



Charles Heidsieck's Collection Crayères features every vintage of the house's prestige cuvée, Blanc des Millénaires, ever made

vintage releases as well as new products. Today, Dom Pérignon is released at three separate moments, which corresponds to what former chef de cave Richard Geoffroy called *plénitudes*, or, in layman's terms, the three distinct phases of a wine's evolution. The original release is aged on crown seal while wines in the P2 and P3 (formerly Oenothèque) programme are aged under cork. P3 is aged for more than 25 years and typically

**A prestige cuvée, by its very definition, must remain a sophisticated thing; a product for connoisseurs. These new products are aimed at the super-rich; a fickle market, at best'**

retails for around £1,600 per bottle.

Moët & Chandon also caused a stir in 2015, when it released a new prestige cuvée onto the market – MCIII. For decades, Dom Pérignon was marketed as

Moët & Chandon's signature prestige cuvée, but in recent years it has been sold and promoted as a wholly separate brand. Therefore there was a gap to fill, and that niche was filled by MCIII. The inaugural blend was built around base wines from the 2003 vintage; 50% Pinot Noir from the village of Aÿ, and 50% Chardonnay from Chouilly and Cramant. They constituted 37.5% of the final blend. But, in an unusual move for Moët & Chandon, chef

de cave Benoît Gouez also chose to blend in 37.5% of reserve wines that had been matured in oak barrels, incorporating the 2002, 2000 and 1998 vintages into the deluxe cuvée. He complemented this remarkable assemblage by adding existing Champagnes from the 1999, 1998 and 1993 vintages – an extremely rare occurrence in the region. "The project was initially conceived by Dominique Foulon, my predecessor at Moët & Chandon," says Gouez. "I have

great plans for MCIII – I want to expand its distribution beyond direct sales and increase production to approximately 250,000 bottles. I feel that consumers don't fully understand the concept of

MCIII yet and, as such, we need to work on our marketing messages. We're going to relaunch it in the future, as I want the trade to understand the incredible craftsmanship that goes into each bottle."

Of course, not everyone approves of this development in Champagne. Products like Rare Le Secret High Jewellery will always have a few detractors. "A prestige cuvée, by its very definition, must remain a sophisticated thing; a product for connoisseurs. These new products are aimed at the super-rich; a fickle market, at best," says Anselme Selosse of family-owned, Avize-based Champagne house Jacques Selosse.

## A BOOMING MARKET

Not that such comments will bother the producers. The market for luxury Champagne is booming, and consumers are responding positively to the concept of deluxe, late-disgorged releases – 1995 Vinothèque sold out very quickly, according to Roederer.

In addition, sales of vintage Champagne remain static, placing a heightened emphasis on promoting luxury fizz, and, of course, non-vintage Champagne.

This is the paradox of the age we live in – the middle ground is increasingly stagnant, and the bottom end of the market is now dominated by Prosecco. Moreover, there is no denying the unpalatable truth that Champagne has lost its monopoly on premium fizz sales in the UK restaurant sector thanks to the meteoric rise of English fizz.

Discounting and underselling brands will do the industry no favours – Champagne, as the hype over Rare Le Secret and Vinothèque so aptly demonstrates, must aim for the stars.

dbHK



Rare's cellar master Régis Camus

brand builder

## A RARE JEWEL

**Piper-Heidsieck has tweaked the design of its prestige cuvée, Rare Champagne, allowing the bottle to showcase the ultra-premium liquid contained within it**

**CHAMPAGNE HOUSE** Piper-Heidsieck has given the packaging for its prestige cuvée Rare a makeover, further cementing the range's position as an ultra-premium Champagne brand in its own right, while its opulent and distinctive gold design is proving quite the fashion statement in the Asian market, according to the producer's vice-president, Benoit Collard. The producer doesn't shy away from quirky

packaging, having previously released a bottle of its Special Cuvée wrapped in a red-vinyl corset designed by Jean-Paul Gaultier; another was accompanied by a glass shoe designed by Christian Louboutin. It also released an edition of its Rosé Sauvage inside a custom-made barbecue. However Piper-Heidsieck - founded in 1785 - wants the bottle design for Rare Champagne to show an altogether more elegant side of the Champagne house.

"The design stands out completely from our traditional range," Collard tells *the drinks business*, "targeting a unique and knowledgeable audience."

Doing away with the traditional red and gold collar that used to adorn the bottle neck, each bottle of Rare Champagne has its own gold

"tiara". First created in 1976, the intricate design is intended to represent the "struggle the vines go through in order to produce an exceptional vintage."

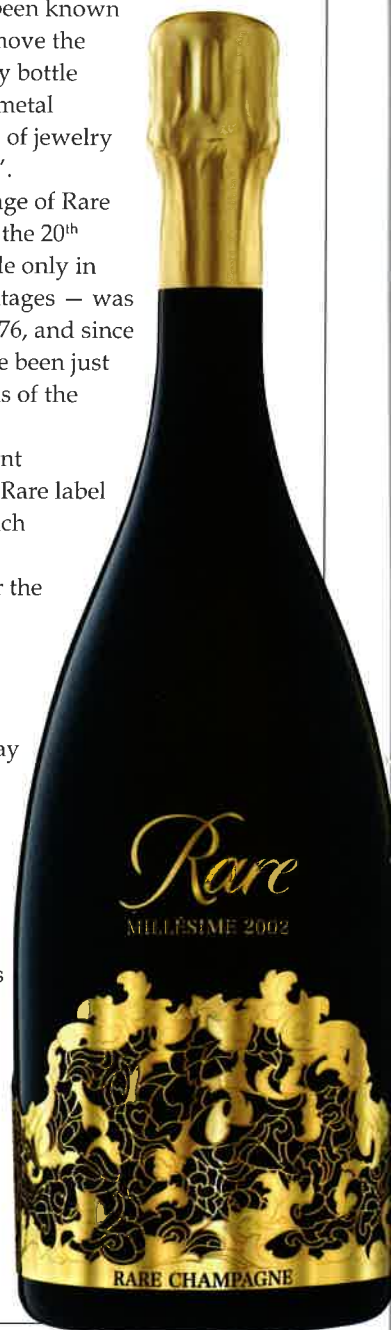
The gold tiara, applied to each bottle of Rare Champagne by hand with 140 points of glue, is particularly popular with female consumers in China and Japan. Collard says a number of women in these markets have been known to carefully remove the tiara from every bottle and "keep the metal band as a piece of jewelry for themselves".

The first vintage of Rare Champagne of the 20<sup>th</sup> century - made only in exceptional vintages - was produced in 1976, and since then, there have been just eight repetitions of the prestige label.

The most recent addition to the Rare label is the 2007, which included a rosé Champagne for the first time in the history of the prestige cuvée. It is made with 55% Chardonnay and 44% Pinot Noir, with a dosage of 9.5g/l, and is a blend of 11 different crus.

Rare Rosé was aged in the house's cellars for nine years.

The new bottle design for the prestige cuvée is on sale at select retailers.



**The expression is only made in years when weather conditions are considered perfect for what cellar master Régis Camus calls 'an extraordinary cuvée'**