

Q&A

## Emerging markets' increased fine wine interest vetted by ecommerce

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*Kuleto vineyard in California*

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By JEN KING

Stocking a wine cellar with vintage and contemporary wines can be a daunting task and intimidating to the novice collector due to the immense offerings available.

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**Luxury Daily**

International merchant of fine wine and spirits AWC, formerly The Antique Wine Company, works with ultra-high-net-worth individuals to curate their cellar collections through educational tastings and seminars and the ease of collecting through ecommerce. Since its founding in 1989, AWC has expanded its focus on historic and ancient vintages to offer a diverse selection of fine wines resulting in an \$31 million profit turnover and the expansion to three international offices in the United Kingdom, Hong Kong and the Philippines.

“The world of fine wine can be intimidating to the novice, and the typical buyer demographic has changed significantly over the past few decades,” said Levi Hensel, director of marketing at [AWC](#), London. “At AWC we retain experienced wine advisors who are able to share their enthusiasm and knowledge with clients, helping them to select the most appropriate wines – whether to drink now, to cellar for the future, or to be purchased as a special gift.

“Our priority is to achieve a balance between knowledge and approachability, with personal relationships as the priority,” he said. “This balance and these long-lasting relationships are what set us apart from our competitors.”

In this Q&A, Mr. Hensel will discuss investment options in the wine and spirits industry, how ecommerce has changed how vintages are collected and the growth of AWC into emerging markets.

Here is the dialogue:



*AWC's Levi Hensel*

What was lacking in the fine wine and spirits industry that AWC hopes to amend?

Service is something we prioritize and we go ‘above and beyond’ the norm to provide our clients with what they require. For example, we don’t just offer a ‘one size fits all’ delivery process, and have in the past delivered cases of wine on extremely short notice and in difficult circumstances – to inaccessible by road ski chalets or to clients on board their private yachts - ensuring it reaches them in time.

Another way we stand apart is our Wine Academy. This is a private event space in our London headquarters which is designed to bring like-minded enthusiasts together to share and enjoy fine wines. It provides the opportunity to meet wine producers, try special vintages and engage in fine wine experiences unavailable anywhere else.

The tasting room is utilized to host a calendar of events throughout the year and it is also available for our private clients themselves to use for entertaining or corporate events.

Why is ecommerce a viable platform for the buying of fine wines and spirits?

Ecommerce and building our online presence has opened us up to an ever-expanding international audience – we have clients in more than 70 countries now. When the company started it was of course pre-Internet, so most of our businesses was conducted via phone or fax from our U.K. offices – first up in the Midlands, then in Islington.

Since our move to new offices in Central London just over three years ago we have set about on a campaign to massively grow our online presence – working to overhaul the company branding, building an ecommerce platform and completely revamping both the Web site and our supporting IT infrastructure. These developments have been particularly important now that we have our three international offices.

Ecommerce is beneficial because it means our potential client base is wider, however it

by no means infers that we are 'clicks over customers' operation. The core of our business remains our private account managers who are always available via phone or email, offering personal contact and one-on-one service. This is extremely important for us.

The Internet has also made a vast amount of information available to the fine wine enthusiast. It is now very easy to obtain technical information from producers, critical reviews, and industry insights. This means that clients have a knowledge base that is ever-expanding and broader than ever before, leading to great conversations and customers being more open to new wines and the personal recommendations of our account managers.

Where do you source your wines and spirits from?

Our team of purchasing experts source wines from all over the world. Historically we have specialized in classical wine regions such as Bordeaux, Burgundy, the Rhône Valley in France and key regions of Spain and Italy.

Over recent years we have been focussing on growing our North American offerings. There are some really special winemakers and estates in the United States who we've recognized as producing excellent wine - such as Ken Wright Cellars in Oregon and Hundred Acre Wines in California – and which we've now gone to great lengths to secure and offer to our clients.

How are the wines selected to be featured by AWC – what kind of qualities do they share, is it price, heritage or other factors?

Quality is the number one factor with our wines. We have only ever dealt with exceptionally fine wine and that is a key philosophy of the company.

Our specialist buyers visit and negotiate with dozens of producers each year and will only source wines that we consider to be of superior quality. We do not operate at the lower end of the market, as that is not what our client base is interested in acquiring, drinking and enjoying.

Many of the producers we work with offer wines to us on an exclusive basis and this is something that sets us apart – we do not want to offer the exact same wines as every other merchant or online supplier.



### *Wines available from AWC*

Can you share some facts about the antique/vintage wine and spirits market than many people may be unaware of?

Learning to enjoy great wines can take time and experience. Most wine enthusiasts can recall their 'epiphany' moment – that time when they took a sip of wine and realized that they suddenly understood what can make wine so special – but it often takes a lot of tasting to get there (a difficult but necessary job!). Ninety-eight plus percent of the wine produced in the world today is meant to be consumed within the first 18 months after bottling.

These are generally not the wines that offer these epiphany moments. It is the remaining 1.5-2 percent of truly fine wine that provides the perfect combination of balance and pedigree and these are the wines a company like ours is interested in helping people experience.

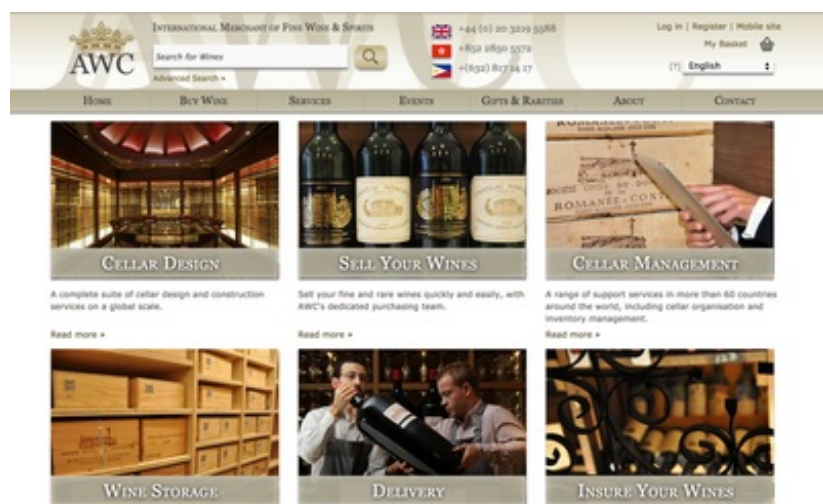
The other fact that is important for people to understand is that of this 1.5-2 percent of wines, there is another subset of very special wines that have the capability to last for generations.

Although 90 percent of the wine we sell these days has been produced during the 15 or 20 most recent vintages, in the past we've sold wines that are more than 200 years old and which are still able to provide spectacular enjoyment today.

Which market is the most popular for antique/vintage wines and spirits?

Our clients have historically come from the U.K., Continental Europe and the U.S. This has changed over the past decade to include huge growth in our Asian client base, particularly in Hong Kong, Mainland China and The Philippines. However, we've also seen growing

interest from countries like Mexico and Brazil. Many buyers are drawn to the historic wine regions, famous estates, and legendary producers to which we have access.



### *AWC's Service section on its Web site*

Can you explain why fine wine might be an appropriate investment for an affluent consumer?

By far the majority of AWC's clients are wine enthusiasts, people whose primary motive for buying wine is to enjoy the process of accumulating it, maturing it and drinking it. In all probability the value of these wines will increase over time, making it feasible to sell off a proportion of one's holdings to occasionally fund the purchase of new vintages or to extend the range in the cellar.

There are certainly individuals who enjoy trading in fine wine as though it were any other stock or bond, but it remains a rather unpredictable investment vehicle. Of course, if someone wants to invest in wine for personal amusement, it is their prerogative, and we can certainly provide consultation. However, in most market conditions, fine wine investment is a challenging undertaking.

We did have a recent instance whereby Swiss watchmaking supremo Jean-Claude Biver sold his bottle of 1811 Château d'Yquem for \$111,000 at an auction. Five years earlier we originally supplied this bottle of exceptional wine to Mr. Biver, and he revealed to us that he had managed to sell the bottle for just over four times the original cost.

Whilst this was an excellent return on investment, it is by no means guaranteed, and it would be foolish to recommend wine trading to the novice as a reliable money-earner.

What does AWC hope consumers gain when they attend one of its events?

Firstly, we want consumers to leave our events feeling as if they have enjoyed themselves. That is our number one priority.

We also hope that they feel as though they have learned more about a particular wine or region and have the confidence to share their new knowledge. We also hope to establish an ongoing relationship with them and encourage them to both attend future events and to connect with AWC on a long term basis.

How do you hope to educate consumers through AWC's sales and programs? Most of our clients have already expressed an interest in fine wine, and many will be extremely knowledgeable. However, there is so much more to learn.

Every day there's something new, whether it is an obscure grape variety, or a producer who is exploring innovative new methods in biodynamic or natural winemaking. We hope our consumers will learn more when buying through us, or attending our events, but also that they have whet their appetite to continue on this journey.



### *AWC's Recommendations Web page*

What is the most expensive bottle of wine sold currently or in the past by AWC? Under our former name, The Antique Wine Company, we earned the Guinness World Record for the sale of the World's Most Expensive Bottle of White Wine, a bottle of 1811 Château d'Yquem which was sold in 2011 for \$117,000 to wine connoisseur and restaurateur Christian Vanneque of Bali, Indonesia. Mr. Vanneque plans to open and enjoy this bottle during an important celebration in 2017.

Where do you see the industry heading in the next five years? More and more people are becoming interested in fine wine, and that offers exciting opportunities. Specifically, as emerging economies develop into new markets there will be more discerning individuals out there who want to find out more about wine and share their knowledge with friends and colleagues.

Wine quality is also likely to increase over the next five years. Great wines can now be opened and enjoyed earlier than ever before due to viticultural and technological advancements. This is largely due to producers' ever more detailed study of vineyard management and oenology and the resultant ability to achieve phenolic ripeness of both tannins and fruit.

Clients are becoming more open-minded and that means our expert purchasers can go out and uncover parcels of wines in regions that might not have previously been considered as offering superior quality.

Final Take

*Jen King, lead reporter on Luxury Daily, New York*

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