

Millesima wine merchants

FIRST PUBLISHED WINE & SPIRITS MAGAZINE 2007

The Bordeaux wine merchants are a mysterious bunch. There are 400 of them, all based in the city or surrounding region, almost entirely from illustrious local families, forming a protective layer between the chateaux and the buyer. And that doesn't mean us, the end drinkers, but our local wine merchant, whether Berry Bros, Farris Vitners or Majestic Wine Warehouse. It means that there's no chance of us getting our hands on a Leoville Barton 2006 unless, at some point, it has passed through layers of merchants, wholesalers and distributors each taking their own cut. And with Bordeaux prices getting more dizzying every year, that's no small issue.

But, hidden among the traditional merchant houses, there is one company in Bordeaux that sells direct to the consumer, whether by phone, post or the internet. After buying sufficient stocks of wine at first release prices, it doesn't bother with prices on the Place de Bordeaux – it sets its own prices according to the popularity of the wines it is selling, made possible by the fact that it stocks over 2.5 million bottles of over 4,000 different wines, 80% from Bordeaux but also from Burgundy, Champagne and the Rhone, and often carries as many as 15 different vintages from up to 150 of the most prestigious chateaux. So is Millesima democratising Bordeaux? And does it manage to be cheaper than other merchants, or just keep more margins for itself?

Owner Patrick Bernard explains how he started. 'I began the company in 1983 (under the name Vins et Vignobles) as a traditional merchant, but in 1988 began direct marketing. I had no background in wine and no background as a merchant but my cousin happened to be a well known courtier (broker), and we played squash twice a week – that was where I learnt everything about the wine business. After six years of working like other merchants, I saw the inherent problem of selling *en primeur*; you get great turnover in a good vintage, but it falls away in a bad vintage. That means you need to sell old vintages to make money regularly, and for that you need loyal clients – end consumers, not other merchants, because the UK merchants already have old stocks, or they have too much choice of which merchant to buy old vintages from.'

'I decided to get my own customers, and build up their loyalty. I was lucky to get a file of 4,500 customers created by a French newspaper, with the addresses of all the top executives in the country, and we sent them an offer of the 1986 *en primeurs*, and the success was fantastic. We developed the idea of one catalogue per year, plus offers at *en primeur* and at Christmas, and have stuck to this format ever since. The prices that we publish in the January catalogue will remain valid right through until December of the same year.'

Today Millesima is one of the five largest buyers in Bordeaux. 'I have important allocations at almost all major properties, with the largest being 2,500 cases of Lynch Bages.' It is also an entirely direct marketing company, with the exception of a small boutique in Bordeaux, and another store in New York. In 2006, 68% of new customers came through the website. Online sales accounted for 16% of turnover in 2006, and 26% in 2007. And high-spending clients mean an average order of over €2,000. The subsidiary company, Wine & Co, sells in smaller quantities to more casual customers, and has an average order value of €250. And the policy of direct contact goes right through to his 18th century warehouses, which have a tourist circuit and a high-end boutique where you can buy direct.

Millesima also stands out for its approach to hiring staff – young, highly qualified, and at least bi-lingual. 'But we're a family business (*Bernard's son Fabrice has just joined the company from a financial marketing position in Paris*), so they know there is a limit to how far they can rise. This means turnover happens every three or four years, keeping ideas fresh. But I ensure all of my sales or marketing staff take the DUAD (Diplome Universitaire D'Aptitude a la Dégustation des Vins) from the Bordeaux Faculty of Oenology. And they leave on good terms – one of our marketing managers (studying for her Master of Wine) has just moved on to Chateau Latour, and another has gone to Australia to set up a wine bar and shop – so we lose a member of staff but gain a customer.'

It seems like an eminently sensible system, so why don't more Bordeaux merchants follow suit? One level, Bernard is betraying the system – carefully perfected over many years – of the Place de Bordeaux. Bernard says he respects the margins that others use when he sets his prices – and anyway his business model is a cash-hungry one. 'I think that is perhaps what stops others from following suit; after I have shelled out €50 million on futures, I then have to spend another €50 million on direct marketing, before any of that money comes back. Traditionally merchants buy and sell in one day, so they have far less risk. We have to really understand what our customers like, to ensure they keep coming back.'

Millesima in Figures

TURNOVER: €27 million euros (2006)

STAFF: 35 staff, of which 20 are in sales or marketing. All of these have wine and tasting qualifications, and are at least bi-lingual.

CUSTOMERS WORLDWIDE: 55,000

AVERAGE ORDER: €2,000

YEARLY MAILINGS: 1 million, plus advertisements in over 100 consumer magazines.

KEY MARKETS: France accounts for 55% of turnover, 40% Europe, and 5% the rest of the world. Millesima has subsidiaries in over 10 countries, and a physical store in New York State.

TOP SELLERS:

Over the course of 20 years:

- 1) Chateau La Lagune, Haut Medoc
- 2) Chateau Lynch Bages, Pauillac
- 3) Chateau Talbot, Saint Julien
- 4) Chateau Beycheville, Saint Julien
- 5) Chateau de Sales, Pomerol

Over 2006 vintage:

- 1) Chateau Leoville Barton, Saint Julien
- 2) Chateau Sociando Mallet, Haut Medoc
- 3) Chateau Lynch Bages, Pauillac
- 4) Chateau Grand Corbin Despagne, Saint Emilion
- 5) Chateau de Sales, Pomerol