

this email? [Click here](#)



WINEPAIRINGS
Wine Concierge Service

Your Source of Wine for Every Occasion

Notes From The Cellar "NFTC" Newsletter
December 10, 2009



DI :The New Wine Paradigm shift?

Warning -you will need some time to get through this, but you will know why DI's can present some great opportunities in today's market. A worth while read for anyone interested in purchasing great wine.

As the year draws to a close we naturally try and reflect. When you run a small business and have the ability to respond to a changing market place quickly, this is a real advantage. Today I am changing the format of the NFTC a little as I have been meaning to write this for a while & finally decided to take the time to do so. I wanted to shed some light about a major trend I see developing in the world of fine wine. I am a firm believer that my clients are in a great position to benefit from the current situation, especially those of you who are in the process of accumulating or starting a collection of nice wines that you intend to consume in the future. Today the overall quality and relative price of great wines is better than I have ever seen in my 30 + years of collecting wine. But the way to obtain the really special wines is changing. Due to the economic situation world wide, we are also seeing incredible prices - this is another topic for another day but let's just say it is a great time to be a wine buyer; for both current drinking, as well as for aging for future consumption. A quick side thought: If you are only partaking in the former and are a wine fan (which if you are reading this I am sure you are) I urge you to establish some sort of a medium to long term wine purchasing and storage strategy - by the way- if this is something you want to take seriously, you may want to set up a private consultation -one of the services I offer. But today I wanted to write specifically about a particular type of opportunity. I am talking about the Direct Import model, or what we call in the business DI. Long term readers of NFTC know that we feature such deals regularly but I generally concentrate on the wines offered rather than on the vehicle. I felt that a little explanation augmented by my observations may be of value to our readers. So hopefully you will find this relatively lengthy write up worth while.

There are some pretty big changes taking place in the way many good wines are sold, and understanding and reacting to those changes will ensure you can get your hands on that small percentage of wines that are truly finest -I try & feature only those current releases that offer the finest value regardless of their price range and of course at the best possible price.

To get a good understanding a little overview of what has been going on in the market place is in order. Over the past year and a half or so we have seen a lot of wine discounting. A lot more than is normal. I stick to the conviction that a lower price, dose not make a mediocre wine better, which is something that many wine retailers either fail to understand or just plain ignore. I get dozens of e-mail blasts sometimes 5 or 6 a day from some web sites, and it seems that the easy way to sell wine today is to just offer anything that got a 90 points or above review, regardless of who awarded the "points". Offer the wine (That in many cases was overpriced to start with), at a discount. regardless of what it is and: Bam -you can make a \$ selling wine.

I can hear some of you say: Well Paul, aren't you in effect doing the same? Well not really. Sure, I quote reviews in NFTC often, but I believe that we have a much higher vetting standard. At the least we have to like the wine. Than, I have to believe it represents great value for what it is amongst it's peers -before we even offer it. My rule of thumb is that I wouldn't want to sell a wine that I wouldn't want to drink. (and I am rather picky -just in case that you weren't sure - In fact I recommend a tiny fraction, less than 2% of all the wines I get to try). What's even more important is that there is no need for WINEPAIRINGS to compromise -we don't have to sell anything we don't believe in, which is something that may sound elementary, but in actuality rarely happens in this business.

Don't get me wrong; I love discounts and close outs, as much as anyone. Lucky for us, we have managed to offer some real cherries lately based on deep discounting -this has been particularly prevalent in the wines that are priced normally at the \$40 to \$90 range.

So yes, I keep looking for those great buys and we will offer them as they come along, yet there is a long term effect to all this discounting which I keep writing about. What I presented before as a probability, is now becoming a reality. This is becoming very noticeable especially in wines that are not made in the US -the ones we will call Imports. (I will try to write about the domestic market some other day). The availability of many of the unique and great wines is shrinking.

Imports happen to represent a large chunk of our business - it's not that I don't like domestic wines. I think that we have great wines in the good old USA, but often we can find better value elsewhere and in some cases there are expressions of certain grapes that are very specific to their geographical origin. Something you can't always get from the Domestics.

As current and older vintages are not selling, the first step is that the inventory builds up in the importer's and wholesaler's warehouses. When the next vintage arrives, the old inventory gets cleared out at a discount -sometimes, as we have experienced -these can be substantial price reductions on even great wines. The problem is that now, those same folks who brought in all those wonderful wines get shell shocked, and are starting to order less -or only concentrate on the wines that can move the fastest-not necessarily the best wines, or the finest relative value.

Marketing and brand recognition play a big role with the average wine consumer. Typically the most profitable segment is the lower priced wines that can be marketed in large volume. These are the wines that the big wine and liquor stores can make their bread and butter with. As a retailer - for what you would pay for a 6 pack of a really nice wine, you can probably order 2 or 3 cases or more of mass produced junk which you can sell to the masses based on a 5.99 price, or sleek packaging -such as cute animal labels, or a catchy name. Further, there is an endless supply of this wine, so it's easy for the retailers to restock and move more, while the good stuff may be limited to several cases per account (sometimes even less). That my friends is the reason why it's so hard to find a truly great selection at your average wine store in

our town, when 10 years ago you could walk into the very same establishment and find a plethora of great wines.

(I keep hearing the same story from many of you, so there has got to be something behind this).

This shift in focus towards more homogeneous wines esp. in the up to \$15 segment, that are produced in large quantities, effects all the levels of the distribution chain. Yet when you are an intermediary, you still have to bring in the good stuff because there are still some accounts that demand it: now days, these are mostly high end boutique stores, and restaurants with good wine lists and owners committed to a good wine programs. Unfortunately these are some of the businesses that can take the biggest hit during a prolonged economic slow down. The challenge for a distributor or importer is to bring in just enough to supply that demand. As an intermediary, The last thing you need is wine that just sits in the warehouse, ties up your capital and you eventually have to discount in order to move.

Enter the Direct Import or "DI" : here is how it's done: As a distributor, you offer your clients an opportunity to commit to the better wines on a pre arrival basis. The better run distributors will bring in sample bottles and conduct a pre sale tasting to the trade, This is typically done on a particular day at a central location -sometimes representatives of the wineries or importers are even there to pour and answer questions - As a distributor you spend a little money on samples and organizing such an event, but you dramatically reduce your risk, by limiting your exposure to ordering wine that may not be popular. After all you will only order what the clients are willing to commit to.

If you are carrying a portfolio of limited production wines made in small quantity by artisan producers, that is a great way to go. If the brand or winery is somewhat known or established -than instead of importing the entire line -say maybe a dozen wines, than as a distributor you only bring in the "Core Product"; the 2-3 most recognized wines from that estate-those that have the biggest market share. Those are the ones you commit to keeping in inventory. The rest of the line you may offer on a DI basis only. The problem from a consumer stand point, is that the wines that are only offered on a DI basis may end up being the best wines from any particular producer in any particular vintage. If your wine retailer, restaurateur or his buyer is not there to taste them, chances are they will never order them. and you may never encounter them. In most cases wine retailers only get one chance -until at least the following vintage.

I try go to every DI tasting I get find out about - yes it can be fun to taste wines for a living, but it's also a lot of work. These are the trenches where the best deals are found -it blows my mind how many established big retailers never bother to show up to these events. In a good case, they may send in some of their junior staffers who don't have any say in what is being ordered to gain some tasting exposure. Is it any wonder why the big retailers are such a waste land when it comes to new good wine discoveries? That is just fine with me -more opportunity for us: me & my clients
Thank You very much.

While this DI way of ordering has been gaining popularity for several years with the

distributors, This model of dealing with smaller production wines is becoming more and more mainstream during these tough economic times. Especially with those wines that may be new to the market place, or those who have not yet established wide distribution. Sure a lot of this stuff can suck, but when you find something good -this is exactly where you would get the best value for your \$.

As a consumer you may never have a chance to see these wines in the market place - of course if a wine proves to be very popular in a DI tasting, a smart distributor may decide to bring in a few extra cases - that is great for follow up orders, especially since DI wines are often offered to the trade at preferred pricing. If the distributor is really lucky; between the time the wine is ordered and the time it arrives, the wine may receive a high rating from an established critic- I don't have to tell you what happens to the price -as we have recently experienced with some of our recent DI purchases from the 2007 Southern Rhone, the 04 Brunellos before, or the 05 Bordeaux ...and the list goes on and on...

There is another type of DI -in wines that are established or even famous. Since these wines already have demand and track records, they are often carried in inventory, but with money tight these days -the distributor may be hesitant to commit in a big way. The distributors are willing to cut margins by taking pre orders and lower their inventory risks- these kind of orders are sometimes just called "Pre Arrivals" and while the terms DI and PA can be interchangeable, I find that in general the term pre arrival is used for those wines that in general are more well known. With those, as a buyer -many times you don't even get a chance to taste samples. Say you have a world famous producer who consistently makes great wines and by doing your homework you get the idea that a particular upcoming vintage may end up being exceptional - than as a wine buyer you better get those orders in, especially if you can beat the crowds. That is where experienced wine buyers jump in and order at the very first chance while the prices are still reasonable. These are often the kind of opportunities I try and put in front of my readers.

It is interesting to see more and more of the better wines being marketed this way by the trade -the sign of the times. Sometimes when there is a very strong buzz about a great vintage the wines will get delivered only to those accounts who order them on a pre arrival basis. Sure sometimes there is more down the line, but almost always, the prices are higher. If you are a consumer who wants to guarantee the best chance of obtaining the best wines, and at the best prices, a good DI offer is a very good way to go. There is always a chance that you may not get everything you ordered, but in such a case you will obviously not get charged. I also try and give you my best estimate as to the chances of fulfillment to the best of my knowledge. Our good standings with established intermediaries also play an important part in this whole process.

I hope the above was helpful, and will convince many more of you to take advantage of such deals. At the end of the day NFTC always tries to present you with some good truly great wine. For such an opportunity you may want to check out the offer below - something we presented a few weeks ago. With all the hoopla surrounding the holidays, you may have missed it which would be a shame

\$\$\$ Today's Wine Deal \$\$\$

We currently have an option to partake in a DI on a Barolo and a Barbera from one of the most iconic wine producers -not only in Italy but in the entire world of wine . No other than G. Conterno. The wines in this DI are exceptional. While the Barolo needs no introduction amongst cognoscenti of fine Italian wines, you may find the Barbera even more tempting due to it's more down to earth price point..Yes this Barbera which has a track record of being one of the finest is also one of the most age worthy. It has already received the highest rating ever for this wine in the Wine Advocate. A fact that will make this wine evaporate very quickly upon arrival. Here is our original offer featured in NFTC several weeks ago -there is still time to get your orders in.

Attention Piedmont fans **CONTERNO Direct Import**

I wanted to get this out as soon as possible as I know we have many Conterno fans - Last year's DI sold out very quickly and with the consistent hi ratings these wines get they are always a quick sell out.

The **Cascina Francia Barbera** has been on fire in the past few vintages - considered by

many experts to be the finest example of this grape in all of Italy, and it has the ability to age like a fine Barolo -a not to be missed wine . It just received the highest rating ever for a Conterno Barbera in the Wine advocate at 94 points !

The **Cascina Francia Barolo** hardly needs any introduction. While this is not a cheap this is a wine which can be compared with any fine wine from any of the world's finest -a true blue chip and one that is a reference point for Barolo lovers everywhere -it already received a 95+ point rating making it one of the top rated vintages ever for this wine. The wine is expected to get here in a few months and when released the DI prices will seem like a bargain.

Giacomo Conterno Barbera CF 2007 Special DI pre arrival price \$41 or **\$39** (with cash discount)

Giacomo Conterno Cascina Francia Barolo 2005 Special DI pre arrival price \$125 or **\$119** (with cash discount)

We will of course keep bringing the "good stuff" from future DI's to your attention. Make it a point to consider those for the obvious benefits I pointed out today. It pays to be knowledgeable. Keep in mind that as *WINEPAIRINGS* becomes a bigger player in the local wine scene we get a crack at the better deals - if you enjoyed this article please let me know, and better yet please share it with your wine loving friends and have them sign up to our newsletter.

Seven plus years in this crazy business and growing -we couldn't do it without you:

Thanks & Happy Holidays

**Thanks for all your support and referrals.
Tell your friends, share the wine, & spread the good vibe. Cheers!**

Paul David, Chief Fermented Grape Taster.

WINEPAIRINGS

- Your wine concierge service. Contact us for all your Wine needs. [Our full range of Services](#)

To Purchase, or Contact Us: Send us a reply

Email : paul@winepairings.biz or Tel: 303-331-8008

For more info: [Our Website](#)

"Notes From The Cellar " or NFTC in the subject line is our free e-letter sent periodically when items of interest may be available. If you got this e-mail chances are that you or someone you know expressed an interest in being on our list.. Our Email list is strictly in house. we do not share it, or sell it what-so-ever.

All orders are sold and shipped by a licensed Colorado wine retailer. Title passes to you, the buyer, in Colorado.

The buyer is solely responsible for the shipment of wine. We make no representations concerning your legal right to ship or receive wine into any state outside Colorado or any country outside the United States. By placing any wine order with us, you authorize *WINEPAIRINGS* to act on your behalf to engage a common carrier to deliver your order to your selected destination.

Please note that you must be at least 21 years old to order or receive alcohol from this newsletter. All orders require the signature of a person at least 21 years of age.