

The Grapes of Prosperity

Text by Zhou Jin



When the 2008 Olympics turned the global spotlight to China, it also opened the eyes of wine producers around the world. Already famously popular in China, Chateau Lafite Rothschild added an embossed red Chinese character “八” (meaning “eight,” an auspicious number in Chinese culture) to its vintage 2008 bottles.

Lafite’s adoption of Chinese elements is not just coincidence. Perhaps connoisseurs don’t all consider Lafite the pinnacle of wine, but for novices, Lafite is more attractive. In China, the brand has come to symbolize wealth and social status, attracting a growing legion of followers. Along with increasing demand, its price has soared dramatically. Even the price tag for Carruades de Lafite, a second label, has eclipsed card-carrying wines of other First Growths, frustrating and confusing the chateau’s overseas rivals.

At recent years’ Bordeaux wine auctions and wine futures trading, the target market of high-end wines shifted from U.S. and U.K. to China, and Hong Kong wine auctions now attract highly competitive Chinese millionaires. In the industry, some laugh that every label is “either in China, or on the way to China.”

An interesting anecdote has recently been circulating among insiders: When British wine author Jancis Robinson visited Hong Kong-based wine critic Jeannie Cho Lee, he asked, “Why on earth do the Chinese love Lafite so much?” Lee replied with a sly grin, “Because its Chinese name is easy to pronounce.” Humor aside, the story sheds light on the reason why many foreign chateaus are working to replace the original awkward-sounding Chinese names of their products with new characters that are easy to read, speak, and remember while injecting connotations of good fortune.

Purchasing vintage wine has become a new option for investors in China’s cosmopolitan cities like Beijing and Shanghai. A senior Bordeaux *en primeur* trader (investing in wine before it is bottled) once revealed to *Decanter* magazine that according to the usual practice, a new *en primeur* barrel tends to experience an initial price rise before entering a period of stagnancy. Five to seven years later, when the wine is good for drinking, its price will rise again. However, the wine frenzy in China is another story — the abrupt, explosive demands for fine wine go far beyond what the chateaus can supply, and the buyers with deep pockets will not miss the chance at any bottle, regardless of whether the wine is ready for drinking. In recent months, prices for many chateaus’ second wines, including Les Forts de Latour, Petit Mouton de Chateau Mouton, and Pavillon Rouge de Margaux, have appreciated considerably. Some Guangdong-based investors went on a spree collecting Pavillon Rouge de Margaux, showing a tendency to hoard and speculate.



As more Chinese people gain wealth, increasing numbers of youngsters have developed a fondness for red wine, some with the economic means to invest in the beverage. Kuang Qijun, now 28, fell in love with wine when he was still in college. After graduation, he invested in wine firms and clubs. His wine collection includes many bottles from Bordeaux chateaus, Britain, and Hong Kong. “No one can say which kind of wine is the best,” Kuang declares, “but you can tell the best bottle.” His interest in wine is fueled by its contrast with other luxury products.

“You can tell whether it is a good wine only after uncorking the bottle to taste it,” Kuang continues. “I purchase cases with my friends and we share them because it’s hard for me to drink that much myself within a certain period, and the original packaging better protects the wine from deterioration.” Fearing that frequent trading can negatively affect the preservation and quality of wine, Kuang buys from well-respected retailers like Bordeaux Index, despite higher prices.

As an investor, Kuang can clearly distinguish between wines more fitting for commercial or social purposes and those which should be collected or enjoyed privately. “In many eyes, high-end watches are worthy of being handed down for generations, and I think the same can be said of wine,” Kuang remarks. According to him, while watch owners may treasure the item any time by glancing at the hands spinning on their wrists, the appreciation of the value of a fine wine can only be realized the moment it is tasted.

Chinese wine enthusiasts have also stunned overseas auction houses with their wealth. Sotheby’s, one of the world’s leading auction houses, declared that Hong Kong surpassed New York and London as the most important wine auction location.

Meanwhile, wine culture has become prevalent in Chinese mainland cities. Beijing now has a red wine museum, and newer high-end apartments are usually equipped with wine racks. French and Italian chateaus have organized various activities in China to promote their drinks and invited industry professionals and media to visit their grapevines, hoping to help improve Chinese consumers’ taste in wine.

Following brand-name handbags, suits, and sports cars, expensive French and Italian wines have emerged as new necessities for the Chinese elite. Today, if you receive an invite to a formal party in China, you’d better not miss the chance to mingle with the new generation of wealthy who appreciate wine, cigars, and art. Some have characterized the Chinese “Lafite phenomenon” as a bubble, but this hypothesis will only prove true if it bursts. Only time will tell, and like those connoisseurs waiting for the perfect moment to uncork their favorite vintage, we will have to wait.