

A fine time for wine

With recovery taking hold, consumers are willing to spend on high-end bottles



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If you have made it this far with your job intact, it may be time to uncork the good stuff.

Sales of luxury wines, which took a nose dive during the recession, are picking up, including in Massachusetts.

“We saw people pull back their pocketbooks last year. Month after month, it’s starting to change,” said Carri Wroblewski, owner of Brix Wine Shop in Boston’s financial district. “Now, we have customers that don’t blink at a \$175 cabernet or \$300 champagne.”

Nationally, retail sales of wine in the \$20-plus category have

increased 18 percent from October 2009 to 2010, according to California trade publication Wines & Vines, which tracks the industry's performance.

“This is pretty huge,” said Jim Gordon, Wines & Vines editor. “People who have jobs are loosening up their wallets and are willing to spend more on wine again. They are not as worried about what will happen next year and are enjoying life a bit more.”

November and December are traditionally the busiest months for wine sales, but for the last two years, store owners were not feeling it, mostly because few people in the business world were in festive moods.

“There used to be a lot of corporate gift giving at the holidays,” said Leonard Rothenberg, president of Federal Wine & Spirits on State Street in Boston.

In 2008, holiday sales at Federal Wine & Spirits dropped by 15 percent from the previous year, and last year the numbers were worse, according to Rothenberg. So far this year, however, sales are closer to 2007's robust — pre-economic crisis — levels, he said.

“All of a sudden, I'm beginning to notice people are asking for \$100 bottles of wine or champagne,” said Rothenberg. “We had been cutting our inventory for expensive wine; now we are adding to it.”

The tiny State Street shop looks like a corner convenience store, but because of its location and deep wine cellar it is in some ways

a bellwether of the local economy. A majority of its customers work in finance, a sector roiled by layoffs in recent years. This December, fears of widespread job cuts have abated, and some people are splurging.

“I had an investment banker come in off the street two weeks ago and buy a \$6,000 case of limited release Spanish wine,” Rothenberg said.

Renewed interest in upscale wine, combined with the return of some corporate holiday parties, has been a boon for shops such as Brix, where groups from Fidelity Investments and Wellington Management have booked private tasting parties this month. At the events, employees sip burgundy and other wines paired with gourmet fare in an intimate backroom, at a cost of up to \$1,100 for groups of 20. “For December, we are virtually full,” Wroblewski said.

Like a lush meritage, the high-end wine market’s turnaround involves a complex blend of factors, industry analysts say.

“You have good vintages, you have people feeling better about themselves,” said Denis Toner, president of the Nantucket Wine Festival who lives half the year on a vineyard in Burgundy, France. “We are coming around and coming out of [the recession].”

The 2007 vintages from Burgundy and California cabernet, considered the tastiest in decades, recently entered the market. Those better-quality wines, along with what Toner calls “frugality fatigue” have helped to reenergize sales. “People can only be down so long,” he said.

Time-tested brands such as Dom Perignon, Opus One, and Silver Oak are doing particularly well, distributors say. “The wines that have established status are recovering quicker,” said Nick Bourke, corporate wine director for Carolina Wine Co., a division of Norwood’s Martignetti Cos. “The recession caused the consumer to trade down. They didn’t stop consuming.”

He estimated that sales of wines priced over \$50 will increase by 10 percent at Carolina Wine this year.

Despite the boost in sales, there are still some bargains to be had locally. Because of the two-year slump, many winemakers had an over-supply for 2010, forcing brands to lower prices on so-called status wines. A bottle of 2005 Silver Oak cabernet, for instance, is selling for \$69, instead of its normal \$100 at Gordon’s Fine Wine & Liquor in Waltham. “When the economy is sluggish for a while, deals get sweet,” said Daniel Hirschkop, wine director at Gordon’s.

As a result, more posh wines are within reach of the middle-of-the road consumers who account for most of the nation’s wine-buying.

“People come in and it’s a wow factor,” said Hirschkop. “They realize they can buy something they normally couldn’t afford.”

Spirits are also brighter at restaurants that count on revenue from wine. “Last year, people were not focusing on the wine, they were focusing on the price,” said Levent Bozkurt, who runs the Left Bank restaurant at the Stonehedge Inn in Tyngsborough, which has the largest wine cellar in New England. “Customers are slowly, slowly moving over to \$100 bottles.”

But while the news is cheerful for the grape industry as the year winds down, no one is yet ready to say boom times are returning for higher-priced wines.

“It’s a long way from the roaring aughts in 2002 to 2007,” said Jon Fredrikson, an industry consultant with Gomberg, Fredrikson & Associates in Woodside, Calif. “But it’s a much better feeling to see sales growing.”