

The Russians are coming!

OR ARE THEY? Russian billionaires consume oceans of Champagne, but if there were a single oligarch who really appreciated what he was drinking or understood that the advantages of owning a *grande marque* Champagne extend well beyond its potential in the Champagne market itself, he would have snapped up Piper & Charles Heidsieck long before they were put up for sale.

Grandes marques are seldom on the market, and *grandes marques* of this caliber are as rare as hen's teeth, yet the only Russian investing in Champagne today is billionaire Boris Titov, and he is spending his money like a timid millionaire. That might be sufficient for the boutique operation he's taken on (renovating Château d'Avize and using it to launch a small, upmarket brand with the help of Hervé Jestin, one of Champagne's best enologists), but it would require the acumen and resources found only among Russia's leading oligarchs to take these two *grandes marques* by the scruff of the neck and turn them into the iconic 21st-century brands they could be.

Roman Abramovich has invested more than £600 million in Chelsea Football Club since 2003, and it has yet to make a profit. The asking price for Piper & Charles Heidsieck is reputedly €450 million, and though this figure will inevitably be negotiated downward, it would take double that to realize the brands' full potential. However, unlike Chelsea so far, investing in Piper & Charles Heidsieck would bring mega-profits within ten years and could change the Champagne industry for the better.

If I were a Russian oligarch, I would buy Piper & Charles Heidsieck without hesitation. It would be one of my top choices, perhaps even my very top choice. Piper has quality and volume; Charles, the quality—yet the volume of both could be doubled without reducing quality, and for Charles, it could end up more exclusive than ever.

If you want to know what is wrong with Piper & Charles Heidsieck today, do not believe everything you read.



Tom Stevenson

When the intended sale was publicized, the press regurgitated each other's reports, claiming that Piper & Charles Heidsieck "have not turned in a profit for more than 20 years," and their owners Rémy Cointreau "have lost patience trying to make a profit in the Champagne business." None of these hacks bothered to check the facts. There are nine annual reports on Rémy Cointreau's website, and only one of them, 2009–10, shows a loss for Piper & Charles Heidsieck, and that was at the height of the global economic meltdown, when all the houses took a hit. At an 8–11 percent operational profit on turnover, Piper & Charles Heidsieck might not be the most profitable Champagne house, but it is not an habitual loss-maker, and it has many unique qualities that could make it far more lucrative.

Though the brands have benefited from a high-quality ethos under Rémy Cointreau, the marketing has been disjointed, with a complete lack of blue-sky thinking. Charles Heidsieck Brut Réserve is widely regarded as the most consistent, greatest quality, best-value Non-Vintage Champagne, yet sales have dropped from 3.5 million bottles, when Rémy Cointreau took over in 1985, to fewer than 1 million now. Something is wrong, and it is not the quality, which is the reason why this is one of those situations where a new

owner could make all the difference. The following are some of the things I would do if I were the oligarch who purchased the brands.

- Separate and ring-fence Charles Heidsieck and the 65ha (160 acres) of vineyards owned by both brands.
- Build a winery in the heart of the vineyards to handle Charles Heidsieck's production exclusively from its own vineyards.
- Send the grapes surplus to Charles Heidsieck's requirements directly to Piper-Heidsieck's purpose-built facility in the Allée du Vignoble.
- Resign Charles Heidsieck from the Union des Maisons de Champagne, and apply for membership of the Syndicat Général des Vignerons de la Champagne (SGV) to become the first *grande marque* grower Champagne.
- Drop NM (*négociant-manipulant*) on the label, and adopt RM (*récoltant-manipulant*) on acceptance to the SGV, then launch the first 100 percent domaine-produced Charles Heidsieck.
- Add a neck label: "Charles Heidsieck, Champagne du Terroir, indicate "domaine-bottled" on the front label, and explain it all on the back label.
- Increase prices to Bollinger level, upon launch of the domaine-produced Charles Heidsieck, with the aim of achieving Krug-level prices.
- Reinstatement of Champagne Charlie as the prestige cuvée. (Part of Dom Pérignon's success is that even people who do not drink Champagne have heard of it; Champagne Charlie is the same.)
- Encourage other houses to help create a new first market by inviting the trade and press to en primeur tastings of the *vins clairs* (vintage only, final blend only) in the week before Bordeaux en primeur tastings, offering advantageous en primeur prices for assured sales.
- Encourage other houses to create a third market by organizing annual sales with auction houses of mature vintages.
- Hit the Russian market with a campaign emphasizing the country's long history with Champagne, and focus on its growing middle class rather than the mafia-controlled club scene. ■