

A wine-pricing manifesto

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The wine element in any restaurant bill is the elephant in the room.

Size is the most obvious comparable element in this analogy because any bottle of wine, other than the house wine, is invariably more expensive than any dish on the menu.

But there are several other comparable elements too, most notably how little discussion there is about whether the wine prices charged can be justified. This is mainly because in almost every newspaper in the world this topic tends to fall between the responsibilities of the wine columnist, predominantly interested in what is available retail, and the restaurant writer, all too often uninterested or unskilled in wine and preoccupied with the food and service.

Numerous restaurateurs who collate their wine lists with care, enthusiasm and capital continue to feel disappointed that these virtues are rarely talked about. But they are significantly outnumbered by restaurateurs, and in particular those with multiple outlets, where their wine business is effectively put out for tender. Price rather than quality, or even customer satisfaction, is the overriding factor for them.

The final element in my analogy is the least discussed but the most important. Restaurateurs and chefs revel in the glamour of the dining room and the bright lights and frenetic action of the kitchen, but all of this is underpinned by the profits generated at the bar and from the recesses of the wine cellar.

In the financial model most restaurateurs work to, they strive for the same gross profit margin on food and drink. But the relative ease of serving the latter leads to an incontrovertible conclusion: drinkers subsidise the non-drinkers. Without the former, menu prices would be even higher.

This sentiment was borne out during a recent conversation with Michel Roux Jr of London's Le Gavroche, a restaurant that has continually invested in its wine cellar. While the overall number of diners during August had slightly dipped, he reported, their enthusiasm for his collection of mature bottles of Lafite, Mouton-Rothschild and Pétrus was unbridled. As a consequence, the month had ended very, very satisfactorily.

But few restaurateurs will be able to invest in the future in this fashion and even those who do will face new challenges. The first comes from the growing awareness of restaurant-goers about wine prices thanks to the increasing number of wine search engines (see [Rating the price comparison sites](#)). The second is that grain, meat and coffee prices already threaten to push menu prices even higher, while in the UK the combination of government spending cuts, muted consumer confidence and a rise in VAT to 20% from 1 January 2011 does not bode well.

Unless, of course, more restaurateurs change and undertake a fundamental reappraisal of their hitherto unquestioned approach to pricing their wine lists, one that has seen the cost price of most bottles multiplied by three on the wine list, albeit usually with smaller cash margins for the more expensive wines. The time is right for a radical overhaul.

The first step I would welcome is restaurateurs openly acknowledging their wine suppliers in the way that many have embraced their food suppliers and today often acknowledge them on their menus.

This practice would, I believe, go some way to justifying the wine prices restaurateurs have to charge to prosper but also it would reveal to a much greater extent the role the best wine suppliers fulfil. This includes not just frequent tastings but also trips to the vineyards, often a reward for the highest achieving member of staff. Eight senior staff at London's The Wolseley, including their senior receptionist, have just returned from a trip round the vineyards of Tuscany organised by Liberty Wines. Restaurateurs will only be able to stay ahead of their customers' increasing knowledge by appearing to be more knowledgeable and more sensitive to diners' needs. A lunch wine list, with six whites and reds each available in 250 ml carafes, to go with the increasingly popular fixed-price lunch menu, is my initial suggestion.

The recently reported fall in alcohol sales of 6% in the UK over the past year has led numerous restaurateurs to listen to the blandishments of those who have recently set up the [BYO Wine Club](#). This allows members to take their own wine to participating restaurants under certain conditions, but these can be cumbersome and restrictive. It would be far simpler for

restaurateurs who want to encourage such customers to charge £10 corkage on any bottle, once the customer has bought at least one bottle from the wine list.

But a far more viable and innovative approach to wine pricing has recently been introduced by Xavier Rousset at 28°-50° in Fetter Lane, just around the corner from The Royal Courts of Justice (see the picture above and [this thread](#) on our Members' forum).

The successful alignment of a restaurateur and an individual wine collector who offers his collection for sale at significantly reduced margins is tried and tested in New York at both Cru and Veritas, currently closed but due to re-open shortly, and at Rockpool Bar & Grill in Sydney, Australia.

In London it all began at Texture, Rousset's other restaurant in Portman Square, when a customer/collector asked whether he would be interested in such a collaboration, as he had already collected more wine than he could possibly drink. Rousset, a passionate oenophile, expressed his interest but realised that such an arrangement could not be easily incorporated within the current set-up.

The result is 28°-50°, a name inspired by the latitudes within which the vine flourishes, which opened in June. And while the Collectors' List incorporates some of the wines from the original customer, who has also become an investor, the business principle has also attracted wine from another six collectors.

Working on a gross profit of 35%, half the industry norm, Rousset explained that business has been far, far better than he had even hoped and it is easy to see from the list just why it has proved so popular. Mature champagne, top-quality burgundy and claret, certain Italian wines cheaper than they are on several retail lists, and some rarely seen mature Australian reds added only this week are just some of the highlights. The food, fresh and seasonal, is good, too.

From behind the bar early one evening, Rousset pointed to two sets of customers who had called in for a magnum of 1991 Vilmart champagne and a bottle of 1996 Domaine Leflaive Puligny-Montrachet. Their total spend was over £300 but each party would leave more than happy.

There are some unexpected consequences, however. He and his staff have to take so much more care when serving now that they are looking after other peoples' wine and working on such reduced margins. 'If we break one bottle, we have to sell four to cover the loss', he explained.

And while his customers are happy, there are now a lot more wine collectors keen to get involved. 'There are about another 10 who have shown me their private collection, often several inches thick on the print out. They want to make room in their cellars for the new vintages. I know that my customers would like to help them.' Could this mutually beneficial arrangement prove to be a blueprint for other establishments?

28°-50°, www.2850.co.uk