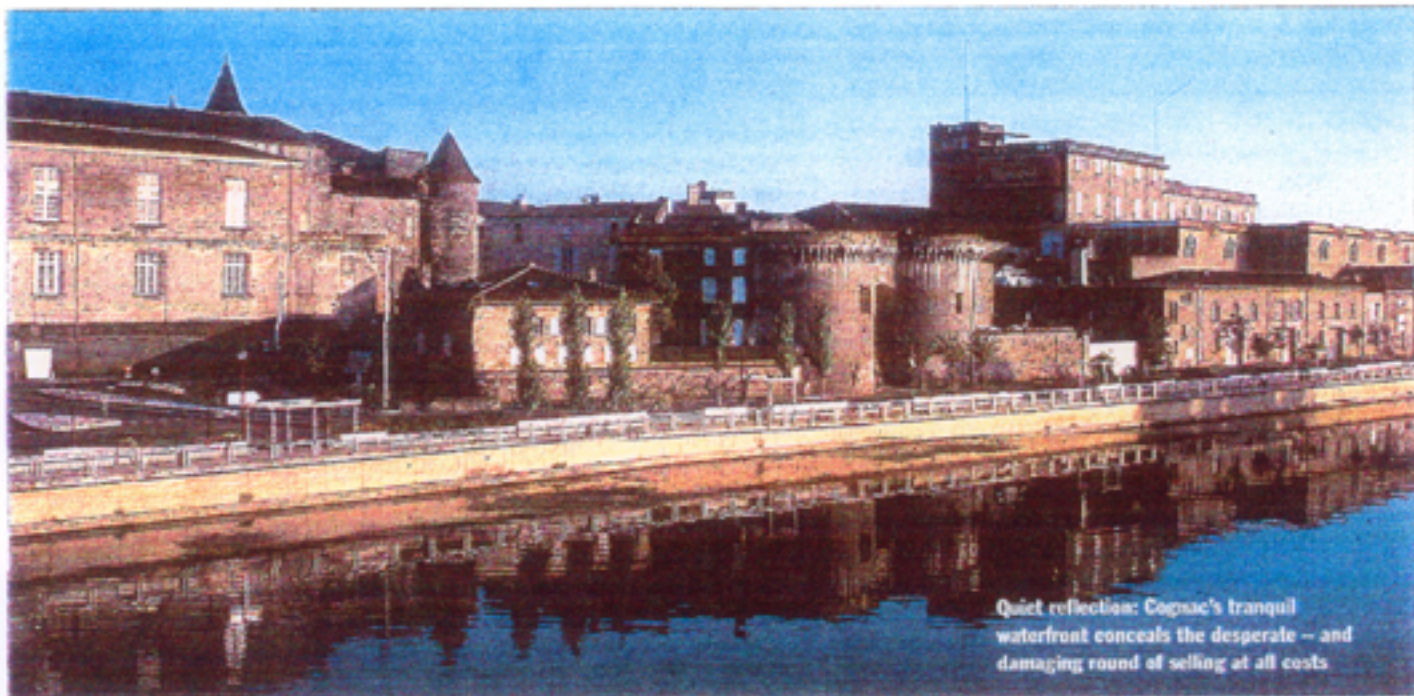


Pulling out all the stocks

After five years of falling sales, the imbalance of stocks to sales is threatening the category's entire economic stability. Anthony Peregrine reports



Quiet reflection: Cognac's tranquil waterfront conceals the desperate – and damaging round of selling at all costs

Looking for fine Cognac? Plenty of us here want to supply it. Stocks are high. If you want to jump in, now's the time! Thus says Mary Rullier of Cognac Croizet – with candour disarming in a usually cloistered world.

And what she says is undoubtedly true. There's an awful lot of aged, top-quality spirit waiting around in search of buyers.

Such has been the recent attention that's been paid to Cognac's attempts to get modern, to pump out new generation products and to grab fresh customers, that the performance of this luxury-end product has been largely overlooked.

Just as well, perhaps. Lift up all the brain-curdling superlatives with which Cognac houses dress their finest fare and the scene is scarcely edifying.

Overall Cognac sales fell in 1998, but top quality sales fell further. VSOP was

down by 17.3%, Napoleon by 22.3% and XO by a whopping 38.1%. If the really top stuff – Extra and above – put on 7.8% volume, remember that it constitutes barely 1% of the total Cognac market and tends to circulate among those immune to economic crises.

It barely dents depressing general statistics, which show that, in 1997/8, qualities Napoleon and above accounted for 9.2% of the plunging Cognac market, against an average of 12.8% in the previous five years – and nearer 20% in the great days earlier this decade. Tough times – and the stocks stack up.

The culprit has, of course, been the crisis in the Far East, which took huge quantities of *qualité supérieure* (QS). In 1997, 99.4% of Singapore's – and 98% of Hong Kong's – Cognac imports were QS, with more than 30% in each case being Napoleon or above (the rest was VSOP). Japan's imports were 72.4% QS.

People are desperate to sell. It's highly damaging

Frédérique Martin

Charpentier: from small starts...

Denis Charpentier is certainly the only man to have started as a docker in Middlesbrough and ended up running his own Cognac company. Gazing loose from a middle-class French background in the 1970s, Charpentier slung his hook round Europe – from Middlesbrough via Bordeaux, a stint as a plongeur (washer-up) in Sweden and bar and driving work in Paris – before, in 1985, getting into wines and spirits as an agent. He knew as little about the work as he did about Japan, his first target market.



Nevertheless, by 1991 he had his own range of wines. He followed up in 1993 with a selection of top-end Cognacs which have been his calling cards ever since. In 1994, he launched the Robert Loston brandy range and, in 1997, Eternity whiskies. His effusive self-promotional style may not have been learnt on Middlesbrough docks but it appears to work. Having woven a tissue of personal relationships around SE Asia ('He only does business with friends,' says colleague Frédérique Martin), he now handles a million bottles a year, all categories included, for a turnover of around FF20m (\$3.2m), 95% of export and 60% in Asia. He predicts a 40% increase in turnover this year, not least due to his increasing efforts with the French supermarket sector.