

Abstract for thesis

The evolution of the fine wine market in the 21st century

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1. Motivation for choosing this topic

Wine is one of the world's oldest and most demanded luxury products, and it has been sought after by royalty and the upper classes. As we can see in the 21st century wines are becoming more and more expensive, meanwhile, quality and critics score are rising as well. Recently more and more people started to purchase more fine wines for collecting, social status, or to invest money.

As I am working as a fine wine portfolio manager for the premium retail spot I see changing patterns in people's choices. I feel the demand for fine wines and it was exciting for me to explore this topic.

2. Objective of the topic

In this thesis, I would like to elaborate on the evolution of the fine wine market in the 21st century.

3. Methodology and limitations of the project

To reveal this topic I will go through some stages in this paper. First, I will go through the history of the wine market and show recent trends. I will define the meaning of fine wine as this term has no exact meaning, and can be viewed as subjective. Wine critics assess fine wines, hence I will quote how influential wine critics and writers define this notion. I'll define 6 integral attributes. Then I will elaborate on the important roles that fine wines play in the modern World and show how it affect people. I will elaborate on the crucial role of the **secondary market** where most collectors and investors purchase wines and how it influences demand for fine wines. The last section aims to show how new technologies and modern digital platforms shape and influence the fine wine market and how it will develop soon. Throughout this thesis, I will provide examples of wines.

For this Weinakademiker thesis, I choose actual and recent topic that is developing. We are witnessing an evolution of the fine wine market nowadays. Therefore there are very limited books and research works available about this topic. I used a lot of online materials and articles from periodicals. In addition, I have discussed a lot this topic with wine professionals and wine investors to understand their viewpoints.

4. Content

As we can see from history for centuries, wine has been used in religious ceremonies and was a symbol of social status. Fine wine's origins can be traced back thousands of years. Regions such as Bordeaux, Tuscany, and Rioja gained reputations for producing high-quality wines several centuries ago, and have maintained these reputations into the present day. Meanwhile, new regions and countries are emerging on the wine map as well.

The turn of the 21st century marked significant changes for the wine industry, driven by globalization, brand-new technology, changes in weather patterns, and economic trends. All these factors lead to the spreading wine culture to new corners of the globe, overall higher quality, better critics scores, and premiumization of the wine market.

The term 'fine wine' emerged recently and it has no exact, or defined meaning by law, and can be viewed as subjective. That is why it is important to see how wine critics define it as they assess these wines. I can highlight 6 attributes of fine wine.

1. **The highest level of quality** of these wines
2. Fine wines should reflect their **provenance or terroir**. However there are some exceptions. As New World wines have gained increasing popularity and acclaim, the origin of wine is no longer enough to determine its potential as a fine wine.

3. **Aging potential.** The ability to age and evolve in a bottle is crucial for fine wines.
4. **The reputation, history of a winery, and vision.**
5. **Sense of scarcity and a high price.** Many fine wines are produced in limited quantities, which adds to their exclusivity and rarity. The laws of supply and demand therefore dictate that sought-after wines can command a higher price.
6. **Sustainable practices.**

Fine wine occupies an honorable place in modern society, performing functions far beyond its main function as just a beverage. Nowadays fine wines act as a symbol of culture, a tourism attraction, a luxury commodity, and a collectible item. But more importantly the role as an investment asset. Fine wines as an asset for investing offer various **advantages for investors: market performance** (Fine wine has been one of the best-performing assets over the last 30 years.), **little correlation to the macroeconomic market, tangibility, portfolio diversification, and tax efficiency.** However, there are **disadvantages** (lower liquidity, shipping and storage costs, insurance costs, and risk of counterfeiting). The combination of economic and aesthetic value makes fine wine investment particularly fascinating.

Nowadays a lot of people consider and collect fine wines as an art. A lot of rare and extraordinary wines are stored in private collections. Critics and wine professionals have no access to it, so wine society has no idea how these wines taste.

At the beginning of the 21st century, fine wine started to play a **new role in tourism** for many wine-producing areas attracting millions of tourists annually.

The secondary market for fine wines, where bottles are traded after the initial sale by the producer, plays an increasingly pivotal role in the wine industry. Often it offers oenophiles access to mature wines that have potentially developed greater complexity and depth over time. This market has expanded dramatically in the 21st century, driven by globalization, digital technology, and evolving consumer behaviors.

One of the main players in this field is the website **wine-searcher.com**. **Liv-ex** is the world's largest and perhaps the most influential marketplace for professionals. **Liv-ex** mission was to bring transparency to the fine wine market, by convincing wine merchants to be open about their stocks and prices. **Auction houses** are another historically reliable source of fine wine in the secondary market.

The fine wine market, traditionally characterized by exclusivity and niche expertise, has undergone significant transformation with the advent of new technologies and digital platforms. Implementing IT and digital platforms has profoundly developed the fine wine market recently. This evolution not only benefits consumers and investors, but also opens up exciting new possibilities for vintners and retailers in the global wine industry.

5. Conclusion

In this thesis I explored the evolution of the modern fine wine market. I showed that the global fine wine market has a rich history and has recently experienced significant evolution driven by changing consumer preferences, globalization, developing winemaking technologies, changing weather patterns, and economic trends.

In conclusion, the fine wine market in the 21st century has undergone significant evolution driven by changing consumer preferences, globalization, technological advancements, investment trends, and weather. As the market continues to evolve, the wine industry must adapt to these developments to meet the demands of a dynamic and competitive landscape.