

WINE CASE STUDY: D. CARREAU & FILS

Donald P. Robin, Wake Forest University, USA

Richard P. Vine, Purdue University, USA

robind@wfu.edu

Abstract

Chablis is a small village in France that is roughly 110 miles southeast of Paris. It is also the center for wine making in the region of the same name. One important wine producer and negociant (a wine wholesaler, bottler, and shipper) in Chablis is D. Carreau & Fils. D. Carreau & Fils is about 200 years old but has experienced several changes in ownership over the last 20 years. The company is run by a staff of forty-three people, and the business has been reasonably stable over recent years. However, the firm was purchased a year earlier by one of France's largest wine merchants, and the impact of that purchase remains to be seen.

M. Francois Michaud, the President and Managing Director, described the company as follows:

"We export 95% of our production. We are a production company and a negociant. We produce 'Chablis' -- our flagship business, our heritage, and our history. It is one-third of our activity."

The other two-thirds is negociant business for branded French table wine – with grapes from Burgundy, a small quantity from the Loire Valley, and Chablis. D. Carreau & Fils is well known for its French table wines and French varietals from the south of France. Chardonnays are the company's strength because of its Chablis knowledge. Chablis is made from the chardonnay grape, but because of its unique microclimate, it tastes remarkably different from the chardonnays made in California and even from the other chardonnays made in Burgundy.

About 17-20% of D. Carreau & Fils business is in red wines. They operate as negociant for Beaujolais (gamay grape) and pinot noir from Burgundy. The company's production of red wine increased over the last two years because of a

phenomenon known as the “French Paradox.” Studies done in the U.S. on wine consumption indicated that there were cardiovascular benefits to the consumption of red wine. At the time of the case, there were few studies on the effects of drinking white wine.

The Market

D. Carreau & Fils wine is exported to countries world-wide. With the exception of Great Britain, their approach is to find a single importer-distributor for an entire country. It is the importer-distributor’s task to see that the wine is widely distributed and marketed within that country. Generally, the wine is not sold in supermarkets. Ninety percent of their wine goes into the hotel-restaurant business, with specialist liquor stores getting the rest. The United States is something of an exception. D. Carreau & Fils is more visible in U.S. stores than any other country.