

For Immediate Release
November 2005

American influence jolts Australian wine auction market

Auction expert urges potential wine investors to use caution and extensive research when choosing wine assets

Thursday 10th November 2005 - Adelaide, Australia

The release of Robert Parker Jnr's Wine Advocate and his Australia Report is always accompanied by much anticipation and trepidation for many wine investors, wine collectors and wine makers. "He exerts an uncommon influence on the wine auction market." says wine auctioneer Mark Wickman. "With the immediate release of his Australian scores appearing on the internet for the first time, we are seeing the effects here in Australia ripple through the industry much faster than in the past when it was posted in the mail."

Wickman, the Manager of Wickman's Fine Wine Auctions, an active and growing online auction site, believes Parker's influence to be one of the primary benchmarks guiding so many consumers dabbling in wine investment today. "Its amazing how the opinions of one man so far away can influence the fortunes of so many here in Australia, with just a few lines he propels the tiny town of Greenock in the Barossa into the limelight and with another stoke of the pen creates a pariah of one of Australia's Iconic wines, causing massive controversy amongst wine oenophiles around Australia"

Within hours of the Wine Advocate being available on the internet, vendors had phoned and emailed Wickman's to adjust their reserve prices. Wines that were available only days before for \$50 were now revalued to \$150, others that did not receive the score they were anticipating dropped as much as 200% with vendors desperate to clear out stockpiles of Parker hopefuls.

Wine auctions are big business, online and off. For the first time since the clock struck "The New Millennium," worldwide sales of fine and rare wine at auction hit \$109 million USD and worldwide Internet auction sales from \$14.7 million (in 2003) to \$19 million USD (in 2004). "An abundance of online wine auctions means that consumers intending to dabble in wine investment have more options, choices and markets than ever before to choose from," says Wickman. "The free-market nature and the international reach of online wine auctions make them very attractive to would-be wine investors but also very sensitive to outside influence such as Robert Parker."

Receiving many requests for wine investment advice, Wickman is reluctant to encourage anyone to actively invest in wine. "You should consider every other investment opportunity first and then if you still believe your prospects are good you should be prepared to drink any losses by only purchasing wine that you personally like," Wickman says. He also states that there is a steep learning curve for the novice but learning the ropes can be very fun, extremely social and provide excellent networking opportunities.

Some of the basic approaches to wine investment that Wickman suggests is to make sure you are keeping track of the major trends influencing the market place by subscribing to popular publications such as Robert Parker's Wine Advocate for the US

market and Jeremy Oliver for the Australian market. "These will provide you with a core understanding of which wines and wineries are likely to be propelled into the limelight," he says. "Trying to anticipate which wines will be popular a year down the track is difficult, but by becoming a regular visitor to internet wine forums such as Auswine and Starwine in Australia and Mark Squires in the USA, you may be able to pickup on emerging wineries before they get graded by Parker".

"Storage is another aspect that is often overlooked by potential wine investors," says Wickman. Improperly stored wine decreases its value but by keeping meticulous records of where your wine was purchased from and where it has been stored for its lifetime, a wine that has well documented provenance can command a much higher price than one which may be in doubt. "Professional storage facilities such as Kennards and Millers provide temperature and humidity control as well as security for your wine assets," he recommends.

The Benefits of Online Auctions

"Attending a wine auction in-person can be a daunting task," Wickman says. He notes that people often travel great distances to bid at auctions, spend hours waiting for their chosen lot to come up during the bidding process, and then watch in dismay as other bidders with deeper pockets, caught up in the auction frenzy, quickly drive the price out of reach. Wickman says that online bidding is calmer and more convenient, allowing buyers to participate in auctions from a remote location. He also notes, "Bidding online frequently starts at a very reasonable level and is more likely to stay within the grasp of the sensible investor."

Commissions are another interesting point of comparison for auctions. "Brick-and-mortar auction houses charge a commission to buyers and sellers, and so do online houses," says Wickman, referring to an industry standard of 13-15%. and as high as 25%. He notes, however, that there are savings to be had "At Wickman's, we charge a very modest 5% to sellers and 10% to buyers. I believe we have the lowest rate of any wine auctions worldwide," he says with pride.

Knowledge Is Power

Wickman believes that equipping online buyers with as much knowledge as possible is good for consumers and good for business. "We believe that an educated consumer will have a more enjoyable and profitable auction experience," he says, urging new and experienced buyers to "do their research to make sure that they're making a good and informed decisions." In addition to arming themselves with general information regarding buying wine at auction, Wickman encourages buyers to get specific details on the wine they're considering. "At our site, all items are listed using a provenance grading system," says Wickman referring to information regarding a wine's purchase and storage history. This comprehensive "background check" allows potential buyers of wine to determine how well the sale item has been handled by its previous owner(s).

Wickman's approach to ensuring quality is strictly "hands on," he says. "We verify a wine vendor's claim about purchase and storage history by visually inspecting documents, the cellaring site and, on occasion, sampling random vintages and bottles from a collection," he says. This provides a welcome "safety net" for novice buyers and "inoculates consumers making gift purchases," he says.

About Wickman Fine Wine Auctions

Distinguished by innovation and driven by passion, Wickman's Fine Wine Auctions has been a lively and profitable meeting ground for wine buyers and sellers since 2003. A family business based in South Australia, Wickman's prides itself on its position as a reliable resource with a well-spring of extraordinary values and opportunities.

Throughout 2005, Wickman's has continued to launch unique initiatives in an attempt to set the company apart from traditional online wine auction websites. Starting with very low sellers and buyers commissions, Wickman's introduced a regular charity section into the auction format in February and subsequently launched a new style auction newsletter in August in an attempt to get away from the dry, uninteresting format used in the past.

Being a good "neighbor" in a global community is an important part of Wickman's corporate identity. "Philanthropy is in our blood," Wickman explains, referring to his family's commitment to annual fundraising. In 2003 and 2004, Wickman's auctioned wine and wine-related services generously donated from wine companies from Australia and overseas and raised over \$16,000 to benefit The Multiple Sclerosis society, The Asian Tsunami Appeal, a local South Australian charity; The Eyre Peninsula Fire appeal and the Adelaide Women and Childrens Hospital foundation.

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