

Bloomberg

Don't Pop That Crypto-Cork Just Yet on Wine NFTs

From Brad Pitt to Penfolds, high-end winemakers are betting on the buzzy blockchain investment. But should you?

By [Elin McCoy](#) April 25, 2022, 8:18 AM PDT



Trefethen's nine Crypto Heroes Cabernet NFTs bottles. *Source: Trefethen*

Pricey Fleur de Miraval rosé Champagne is Brad Pitt's latest wine baby. The second release (ER2) was poured at this year's Oscars, and in a few months, Pitt's Champagne house plans to join the cryptocurrency world craze to drop its first NFTs.

Non-fungible tokens, or NFTs, are smart contracts tied to digital (sometimes physical) goods by way of a QR code that's all recorded on a blockchain. Exactly what goodies these might include hasn't yet been revealed, but what about an exclusive cuvée and one-on-one bubbly tasting with

Brad at his fabulous estate in Provence? (I stayed there before he owned it, and sipped rosé while lolling in the bathtub in my room overlooking the vines.) Right now, [Pitt's suing Angelina Jolie](#) for selling her share of it.

Although the wine world is notoriously slow to change, a few future-oriented, buzz-seeking, big-name producers such as Penfolds, Robert Mondavi, and Dom Perignon, as well as a couple of small ones like [Bordeaux Château Darius](#), entered the NFT space last year. Many others are planning to join later this year. There are already NFT wine clubs, and the global [Club dVin](#) will make its debut on May 15 with an initial offering of 4,000 NFT memberships for 1.5 ETH to 3 ETH (\$4,456 to \$8,912 as of 5 p.m. East Coast time on Friday; crypto rates change quickly).

Whether to invest in any of these offers is the big question. My quick answer: It depends on the NFT, and don't count on serious financial rewards if you plan to flip.

First, though, a refresher. As the name suggests, each token, whether attached to a video, an image, or a physical bottle of wine, is unique and not interchangeable. Recording it on a blockchain guarantees ownership and authenticity of the token—although since anyone can “mint” an NFT, the underlying goods can be fake. You can buy or trade NFTs on marketplaces for crypto goods such as OpenSea.io. So far, most of the wineries involved have tokenized physical bottles of rare cuvées attached to special experiences and other enticements.

Guillaume Jourdan, of France-based luxury marketing consultancy VitaBella, advises such high-profile French wine estates as Taittinger and Miraval and is a believer. “NFTs will be a way for fine wines to find a new source of growth with younger generations. No one can ignore it,” he emailed. “When traditional wine estates understand this, the market will explode. But good platforms have to be set up and launched.”

On the other hand, Robbie Stevens, North America manager for Liv-Ex, remains skeptical. “I think wine NFTs are mostly gimmicks testing the water to see what works. It will be a long time before they hit mainstream, because the wine world is so fragmented.”

The motivations for wineries are strong. They include brand publicity, a way to connect directly with consumers, the ability to trace bottles, and a desire not to be left out of the next hot thing. Many took note of the [Beeple art NFT](#) that sold a year ago for \$69.3 million, as well as global sales of NFTs reaching \$24.9 billion in 2021. CNBC's 2021 Millionaire Survey revealed that 47% of U.S. millennial millionaires hold at least 25% of their wealth in cryptocurrencies.

And there's this: NFTs can build in an ongoing "royalty" percentage in their underlying code to be paid to the winery each time one is traded.

Lorenzo Trefethen, a member of the younger generation at Napa's Trefethen Family Vineyard, says its NFT experiment in December was intended to capture new fans. Developed with Team PancakeBunny, each of the nine one-of-one Crypto Heroes Cabernet NFTs represents a physical bottle of the regular 2018 Trefethen cabernet sauvignon, with each sporting a different label of original art. A one-of-a-kind QR code links to a virtual bottle that can be traded, and also unlocks special 3D art.

Additionally, buyers have the rights to age their physical bottle for 10 years in the estate cellars before redemption and are invited to attend a one-of-a-kind experience at the winery. All nine NFTs sold via auction on the Cantata platform within a week for about \$700, or 10 times the cost of a regular, non-NFT 2018 Trefethen—a superb wine, by the way. Tokens can be redeemed at the winery starting at the end of this month.

"It's the future, but the tech needs to mature," says Trefethen. "Once an NFT is as simple to buy as a swipe of your credit card, you'll see wider adoption by wineries and collectors." He's working with developers to deliver a solution this summer.

Tom Gearing, chief executive officer of Cult Wines, a U.K.-based wine investment and collection-management company, explains, "For NFTs to make sense for traditional wine collectors, they have to tokenize something that's unique and highly exclusive." Last spring, the company collaborated with Bordeaux's Château Angélus on an NFT that included an entire barrel of its splendid 2020, which sold for \$110,000.

Gearing's not rushing another one out, but he's convinced that NFTs will make buying and selling wine faster, more secure, and more transparent. Anticipating that collectors will pay more for a 20-year-old wine with an NFT chip that shows where it's been all those years, the company has a blockchain record for every wine in its portfolio and warehouse.

Last fall, Napa's Robert Mondavi winery grabbed attention by offering 1,966 NFTs of three unique cabernet blends in fancy porcelain bottles. Many are still for sale on the company's website, and some buyers looking to resell them on OpenSea are settling for half the original 1.16 ETH price.

Australian winery Penfolds's latest NFT consists of two cabernet-shiraz blends in 6-liter Imperial (aka Methuselah) bottles, a 2018 Superblend 802.A and 802.B Imperial Duo. Both dropped on BlockBar on April 11 and remain unsold.

Still, Jamie Ritchie, Sotheby's chairman of wine and spirits, says the auction house is actively looking into the best way to sell wine NFTs. "But there has to be added value to what you're selling, like special experiences."

A vineyard in Yusipang, Bhutan, sits at 8,900 feet of altitude. Among the grapes planted on its terraces are cabernet franc and petit manseng.

Source: Bhutan Wine Company

Which brings me back to Club dVin, which aims to be "a global NFT wine community"—not just a virtual one. The lifetime-membership NFT, which itself can be traded, gives you the chance to join such adventures as the first harvest of grapes in Bhutan with the Bhutan Wine Co. in the fall, plus exclusive access to private tastings and parties with top winemakers.

Like other expensive wine clubs, hard-to-obtain wines will be offered, direct from wineries. What's different is that each bottle will be linked with a Digital Cork NFT on the blockchain, so you can track the chain of custody; when opened, Tasting Tokens will be minted to include not just wine information but also offer a way to record your tasting notes and create a journal. What else they might present is in contemplation.

Even as wine NFTs are rapidly being developed, Dan Petroski of Massican winery says: "We're just at the starting point. We don't yet have a sense of how NFTs and blockchain technology can be used for wine."

For now, that sounds like caveat emptor.

But if a Fleur de Miraval NFT ever includes a visit to Brad's Provence château, I'll be interested.

<https://www.bloomberg.com/news/articles/2022-04-25/should-you-buy-wine-nfts-winemakers-brad-pitt-to-penfolds-bet-on-collectors>