

Keeping the fizz alive

Last week's Harpers Champagne Summit assessed the category's place in the global market and its need to innovate to stay on top. **Gemma McKenna** reports

How to put the fizz back in Champagne? That was the question facing an esteemed panel at Harpers' Champagne Summit. The answers were varied – some maintained the category had lost none of its fizz, while others suggested innovating, talking up Champagne's timeless and luxury qualities, engaging with consumers about fine wines rather than pigeonholing Champagnes as purely bubbles, and forgetting about expensive packaging.

From top: Richard Brierley, Essi Avellan MW, Jack Hibberd, Jayne Powell (aka Champagne Jayne)

Champagne is still on top, but needs to innovate to stay ahead of its sparkling competitors, according to Essi Avellan MW, editor of Fine Champagne – the world's only magazine dedicated to Champagne

Finland-based Avellan kicked off the debate with a firm assurance that the fizz most definitely hasn't gone out of Champagne.

"It's clearly still there in Nordic countries, where sales grew 17% last year, while other sparkling wine was up 9%."

Avellan said that producers of prestige sparkling wines were finding it tough to charge premium prices, which signifies "Champagne is still on top and sparkling wines are no real threat", she added.

But Avellan said that while Champagne was historically at the forefront of innovation, it was now mired in "safeguarding its history and magic".

She highlighted closures as an area ripe for change. "Cellar masters would love to use a crown cap, but the marketing departments won't let them as they think it would take the romance out of sparkling wine," said Avellan. But some New World sparklers already use crown caps, leading Avellan to conclude "they will have to do it one day".

Consumers should be told more about how Champagne is made and shouldn't hang on to a "simplistic image", Avellan argued. "We shouldn't hide how it's made and how much

effort goes into making each bottle," she said. Publishing disgorgement dates and the age of NVs would help. "The reluctance to put a date on the bottle says to me [producers] have got something to hide from the consumer – even in Trentino and Russia they do it," she said.

She firmly believes more needs to be done to promote Champagne as a "serious wine" rather than just for a celebration, and its food-matching credentials should also be pushed.

Avellan called for the Champenois to protect quality by introducing a minimum ageing requirement of 15 months for NV. She said some current ageing programmes were too short to properly demonstrate autolytic qualities.

"We've got to work hard to ensure there's no bad Champagne out there. I'm sure we've all encountered some that isn't worthy of the name."



Champagne needs to move away from its associations with glamour and reposition itself as the touchstone of luxury, said Richard Brierley, head of fine wines at Vanquish

"Glamour has changed, rather than Champagne's link with it. For some, glamour is Marilyn Monroe, for others it's Katie Price," said Brierley.

He said glamour is often "shortlived – the 15 minutes of fame associated with celebrity culture", and while it works for certain groups of consumers, it certainly doesn't work for all.

Luxury, on the other hand, is "timeless". "The consumer is able to understand luxury. We shouldn't shy away from talking about it," said Brierley.

Agreeing with Avellan, Brierley maintained that having a deeper understanding of what's in the bottle stimulates shoppers' loyalty to Champagne and the brands within it. While Champagne houses are happy to talk to the wine press about challenges in the vineyard, blending and tasting, "they don't communicate that way to consumers".

"As a trade, we have to get

away from the fact that luxury is just a fancy box," he said.

Instead, the challenge is to "bring the brands to life" through talking about the regions, the work, skill and craftsmanship "so that it resonates with consumers" and earns its place ahead of New World sparkling wines, he said.

"Sophisticated wine drinkers are able to understand provenance, chateaux, weather, vintages and more. A £100 bottle of wine on the shelf doesn't come in a £20 box and the consumer who buys it doesn't want a fancy box." For those who do buy it, it's a one-off choice, said Brierley, "loyalty to the brand is not being built".

Brierley uses a story to encourage Champagne sales with his customers, by telling them about a restaurant in the Champagne region that sells more Krug than all of Taiwan. It's the only Champagne they sell by the glass, and has been for 10 years, he said. "The staff commitment to encouraging diners to drink Krug leads to greater consumption than an entire nation in what is the world's fastest-growing wine-consuming region."

The challenge for the trade is to bring expertise and excitement back to Champagne, says Brierley. "We need to get back to what makes Champagne just as exciting today as it was in the 1920s."



'Let's talk about sex': that was the opening gambit from bubbly social media expert and Champagne educator Jayne Powell, aka Champagne Jayne

Powell charted Champagne's history, filled with "so much fun and secrets" and strong links with popes, dukes and kings, right through to the glamour of the 20th century – Humphrey Bogart and Ingrid Bergman in the 1920s; James Bond in the 1960s, with Bollinger and Dom Pérignon; right through to the Absolutely Fabulous Champagne fridge in the 1990s.

Powell believes Champagne brands need to get in touch with their customers via social media – and make it personal. They can't just leave tweets up to a faceless ad agency, she said, and highlighted the blog of Richard Geoffroy, chef du cave at Dom Pérignon, as leading the way since 2009.

Another way for houses to engage with consumers is through celebrity endorsement

– such as Jay-Z's support of Armand de Brignac's Ace of Spades, which sold out in the US in record time.

She advises brands to be SOCIAL – sincere, open, collaborative, interested, authentic and likeable. It's vital that brands tap into the "social media revolution" maintained Powell, especially given that Facebook's biggest growth area in the UK is 55 to 65-year-old women – which she said should be an "interesting" target market for Champagne.

She called on the UK trade to get involved in Global Champagne Day – last year it reached 1.7 million people, there were 3 million page impressions to its website and 7,300 individual tweets. "I really imagine that we could make Global Champagne Day huge", she said.

What is the potential of Champagne in the fine wine market? That was the question Jack Hibberd, head of data and marketing at fine wine exchange Liv-ex, posed at the summit

Liv-ex traded 23 different Champagnes last year, with Dom Pérignon, Louis Roederer's Cristal and Krug as the main players. The average price was £130 per bottle.

But, as with everything else, Champagne has been hit by the global downturn. "We're now trading at about one-third less by value than the glory days of 2008," said Hibberd, although prices remain firm. "There is still some solidity in terms of pricing, but the engine of growth is Krug – which is outperforming Dom Pérignon and Cristal."

Hibberd suggested the reason for Krug's success could be that it "acts most like a fine wine in the way it presents itself to consumers".

He compared Champagne's performance on the trading platform to Bordeaux first growths. While Champagne may not have reached the dizzying heights of the Bordeaux wines, it is still steady, while the top Bordeaux prices have fallen by 16%-18% in the past six months.

Hibberd thinks collectors are looking for something new, or it could be defensive stock for investors. "People are much more likely to spend a lot of money on wine if they know they can make it back," he said.

Burgundy has really taken off on the secondary market with collectors and private clients – sales have grown six-fold in the past six months – and the opportunity is there for Champagne to do the same. How the trade rates fine wines has a lot to do with how they are rated by experts, and Champagne's Wine Advocate scores are strong. Krug is on a par with Yquem and Haut-Brion, while Dom Pérignon and Cristal nestle alongside Le Pin and Léoville Barton.

Hibberd left the Champenois with a few tips on how best to exploit its position: "Laissez faire works: release some control and get the market behind you; build your profile on the secondary market and act like a fine wine – not a luxury brand."

Laura Heywood gets to grips with the state of Champagne in the on-trade with the help of CGA and Wine Intelligence

What makes the bubbles rise?

Champagne can benefit from the changing shape of the on-trade – but only if licensees know the battles they must fight and are prepared to face them head on.

Sparkling wine is enemy number one and probably the biggest threat to Champagne, according to on-trade specialist CGA Strategy.

A study of 500 licensees found 50% of consumers are drinking sparkling wine as an alternative to Champagne during the recession. Prosecco and cava are two of the main threats, says CGA account manager Alex Martin, and their popularity is set to continue “as consumers’ understanding of the two types of drink improve” and the number of outlets offering Italian and Spanish cuisines increases.

However, 61% of licensees said consumers did see a difference in quality between Champagne and sparkling, “indicating that there is still room to grow the category playing on its provenance and heritage”, Martin adds.

The growing trend in cocktails is one that Champagne could benefit from. The recent CGA cocktail report states that 4.3% of spirits sales are through cocktails, and with one in five outlets now serving them, this could provide an opportunity for Champagne to get in on the action – something that’s not currently happening, with 88% of stockists saying they don’t offer Champagne cocktails.

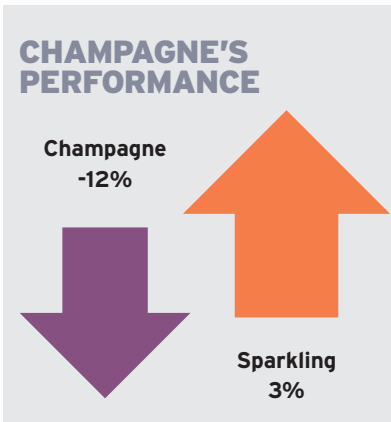
On-trade myths

Among the on-trade there’s a common belief that people aren’t drinking Champagne. When licensees in the study were asked why, reasons included “customers don’t always want a whole bottle”; “it’s a drink for special occasions”; and “people have more knowledge of wine”. The “excessive price of Champagne” and “the impact the recession is having” were also cited as common reasons. However, growth in other premium categories suggests “there may be some myth busting to do around the category with licensees”, according to Martin. “Another answer to this may be looking at what suppliers can do to make it more affordable – by selling it in smaller bottles or retailers offering sales by the glass,” she adds.

With consumers regarding the price of a bottle of Champagne as a barrier to buying, by-the-glass sales are key. Currently, only 24% of outlets surveyed sell Champagne by the glass, compared with 34% for sparkling wine. Fear of wastage was found to be the main reason that licensees don’t sell Champagne by the glass, according to CGA’s research.

Growing opportunities

Opportunities abound for growing Champagne sales, but only if the on-trade recognises them, according to CGA. Over the past year the on-trade has contracted by 2.5% to 127,151 outlets, but premium and value sectors of the market are the most robust, with the value end driven by



“Champagne’s performance”, above, is based on a sample of 5,700 outlets.

Source: All data from CGA Strategy (based on a sample of 500 licensees) unless otherwise stated.

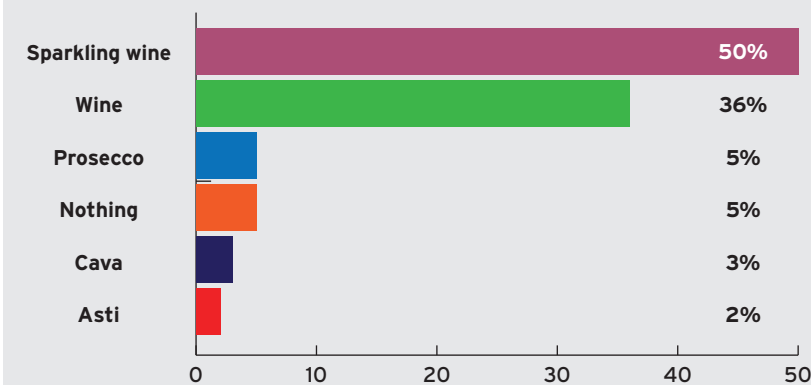
HAVE CHAMPAGNE SALES BEEN AFFECTED BY THE RECESSION?



No – 74% Yes – 26%

Consumers are trading up, despite the economic downturn, with only 26% of stockists questioned – indicating that the recession has impacted on Champagne sales.

WHAT ARE CONSUMERS DRINKING AS AN ALTERNATIVE TO CHAMPAGNE?



“There may be some myth busting to do around the category with licensees

the increasingly popular voucher culture and the premium end capitalising on the “treat spend” mentality. “The rise in this occasion is an opportunity for Champagne and, with 49% of new openings still in food-led pubs, café/wine

bars and restaurants, this opportunity is only going to increase,” Martin says.

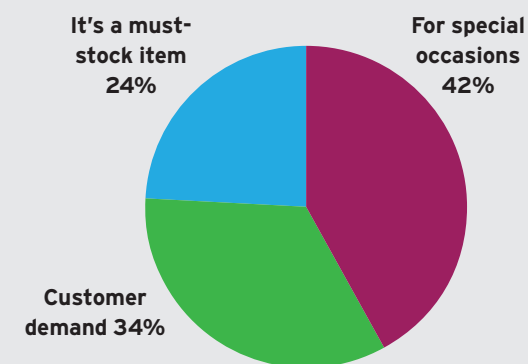
With nightclubs under severe pressure, café/wine bar-style outlets are growing in popularity as late-night drinking venues – which is another golden opportunity for Champagne, she adds. “This is driven by the fact that they are premium outlets that

provide good food and drink as well as an environment.”

The recent sales surge in premium spirits and world lagers is further evidence of consumers expecting a more upmarket experience when they go out – a trend that fits Champagne perfectly. ■

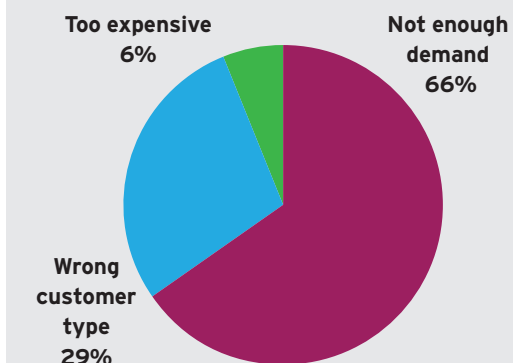
WHY DO YOU STOCK CHAMPAGNE?

The number-one reason outlets stock Champagne is for special occasions, demonstrating that occasionality is becoming increasingly important.



WHY DON'T YOU STOCK CHAMPAGNE?

Lack of customer demand is cited as the number-one reason for not stocking Champagne, so it's crucial licensees make a song and dance about their Champagne offering – hand-selling and creating a bit of theatre is key.



WHAT SUPPORT WOULD YOU LIKE TO SEE FROM CHAMPAGNE SUPPLIERS?



HOW OFTEN DO YOU DRINK CHAMPAGNE COMPARED WITH CAVA, ENGLISH SPARKLING AND NEW WORLD SPARKLING?



Source: Wine Intelligence

THE RISE OF EVERYDAY SPARKLING WINES

Cava, and not its more glamorous competitor Champagne, is one of the most commonly consumed sparklers by sparkling wine lovers. That’s the sobering message from Wine Intelligence, whose study of 511 sparkling wine fans found 22% drink cava once every two months, compared with 13% who choose Champagne. Eleven per cent of drinkers also said they drink cava one to three times a month, compared with 7% who opt for Champagne.

“Champagne is the infrequent luxury compared with the everyday cava,” says Wine Intelligence’s Marina Ferfolja, with

the study showing “cava quietly dominates more frequent occasions”.

It’s not just cava consumers are favouring – English sparklers are building up a loyal following. “In the next five to 10 years, English sparkling wine will be a real threat, especially as a lot of Chardonnay and Pinot Noir vineyards are being planted,” Ferfolja says.

Wine Intelligence research shows New World sparklers are also a danger to Champagne, with 12% of sparkling lovers drinking wine from Australia, New Zealand and the US one to three times a month, compared with 7% for Champagne.

“We’re seeing real growth from New World sparkling – this is the most popular sparkling wine among frequent wine consumers,” says Ferfolja, with growing popularity in both the on and off-trade sectors.

These figures might make worrying reading for Champagne producers and suppliers, but Wine Intelligence’s Andrew Le Breuille sees it as a call for action. “Consumers have a choice – people see luxury can come from anywhere. Competitors are getting better all the time,” he says, making it vital Champagne markets itself as an everyday, affordable luxury.