

Champagne, A Luxury Product – Blessing Or Curse

Champagne has always been seen as a thing of luxury. Most commonly found at celebrations be they weddings or on the podium at the Monaco Grand Prix, Champagne's image has always been one of success. But perhaps that is where the brand that is 'Champagne' suffers. If Champagne is primarily associated with special occasions then it must alienate a large majority of wine consumers solely on this point. Herein lies the problem – Champagne's success is also its failure. The top brands dominate not only the UK market but also those in the USA and Japan – names such as Moët et Chandon, Veuve Clicquot, Perrier Jouët and Mumm crop up time and again as the best sellers. Prestiges cuvées such as Dom Pérignon, Cristal, Krug lead the way in terms of value of sales with rappers such as 50 Cent and P Diddy endorsing their products in their music, again ensuring the image of Champagne remains one of wealth and success.

The exclusivity of Champagne and the confusion surrounding the name does little to help the average consumer in their choice, however. As a retailer, there have been many occasions when I have been asked to advise on 'Champagne' for a wedding when the consumer has been talking about sparkling wine, especially Cava, rather than Champagne itself. In this way, as I mentioned before, Champagne has become associated with celebrations and is often used as a 'catch all' term for both Champagne and sparkling wine. Studies actually show that Champagne is an infrequent purchase in supermarkets with an average of 1.8 purchases per person, per year as opposed to five purchases per person, per year for sparkling wine as a whole (not including Champagne). The research also suggests that 60% of consumers drink Champagne for social or entertaining reasons and that the average age of a Champagne consumer is between 35-64, although there is a strong female following of Champagne too in the 17-24 year old bracket.

In sum, it seems that Champagne retains an aura of exclusivity, although, in the market place, the word 'Champagne' often conjours up images of a sparkling wine drunk predominately on special occasions to those who are not au fait with the strict guidelines set by the CIVC to protect the name and image of Champagne.

There is no doubt that the market for non-Champagne sparkling wine is increasing, especially in the off-trade where total volume sales increased by 8.1% in 2004. This is particularly pertinent when compared to Champagne sales by volume which were down by 2.1% in the same year. The statistics finally show that sparkling wine's share in the UK wine off-trade (by volume of sales) is currently 4% as opposed to Champagne's 1% and still light wine's 87%. One must remember that the 'volume of sales' is not the same as 'value of sales' as it is here that Champagne takes the crown with a market share of 6% compared to sparkling wine's 4%. The main worry that the Champagne industry has when faced with the increasing dominance of good quality sparkling wine is that, unless heavily discounted, Champagnes are not able to compete in the £7-£10 price point which remains the domain of sparkling wine.

Cava is the most popular sparkling wine on the UK market at present with a total volume share of 54.6%. Two producers continue to dominate the market – Codorníu and Freixenet, the market leaders is Spain. They, like an increasing number of Champagne houses, own vineyards in the New World, California in particular to increase their stake in the global sparkling wine market. These wines are rarely seen on the UK market however, possibly as a result of the strength of their Cavas.

New World sparkling wines from California, Australia and New Zealand are also increasingly important in the UK market, especially brands such as Mumm Cuvée Napa, Green Point by Chandon and Lindauer owned by Montana (another brand owned by the now Allied Domecq/Pernod Ricard conglomerate). It is interesting to see that traditional Champagne houses have diversified into these areas. They seem to bridge the price gap between non vintage Champagnes and cheap sparkling wines as they mostly retail at around £10-12 (discounts depending) without compromising on the quality of the product to which they lend their name. This seems to be an astute move in a market where deep discounting of Champagne is happening less and less and where brand image is so important.

To say that the growth of sparkling wines in the market place threatens the Champagne industry would be untrue and the Champenois would certainly disagree with the idea wholeheartedly. Perhaps the key is to concentrate on marketing their Champagne brands at the sparkling wine consumer who purchases quality sparkling wine at a price point at which the Champagne houses are unable to compete.

About the Author

Laura Hope is a Senior Wine Advisor at [Averys Wine Merchants](http://www.averys.com) she was also the 2007 winner of the WSET Champagne Scholarship award. You can buy a large selection of Champagne and sparkling wine online at www.averys.com where we are currently listing the UK's best price for Bollinger Special Cuvee NV- just £25 per bottle.