



*Toast*  
of the



# town

Despite worldwide financial unease the sparkling and champagne category is still enjoying an upward climb to success in Australia. **Rob Geddes** spoke with some major category players to find out what's driving individual brand growth.

**A**t the time of writing, the loss of value from the world's financial markets had not stabilised and there is a sense of uncertainty that conditions are unlike anything seen in living memory. Restaurant bookings are down, average store spend is heading south and we wait to find out the reality of a recession or depression.

Australia's liquor trade will experience this differently to other major markets as we have a lack of clear brand leaders - unlike Spain, where 70 percent of sparkling sales lie in Cordonui and Freixenet, or France where sales are between LMVH and Nicolas Feuillatte.

Bottle fermented sparkling wine imports are led by France followed closely by NZ, Italy and Spain. By adding imported tank fermented wines, chiefly Asti and Moscato, Italy is number two in volume but not value. According to figures released by the Australian Wine and Brandy Corporation, New Zealand has not been able to replicate its success with sauvignon blanc in bottle fermented sparkling and is showing a 23 percent decline over the past four years.

Australia is the tenth largest consumer of champagne, drinking one bottle per 16 Australians per year according to the Comite Interprofessionnel du Vin de Champagne (CIVC). Non-vintage wines account for about 87 percent of the Australian market with four percent vintage, four percent rose and four percent cuvee speciale.

In 2007 (the most recent figures available) champagne sales jumped nearly 12 percent over 2006 hitting 3,308, 978 bottles. This is seen as a result of 'trading up' occurring among consumers using their increased spending power to upgrade from sparkling wines to non-vintage and vintage champagne, especially in areas such as Western Australia and Queensland. Women aged 35 to 49 are now more likely to consume champagne than the general population and there is an increase in younger females buying and consuming champagne.

With changes in the demographic comes a view that champagne is a wine to be consumed as an aperitif and throughout a meal, not just as celebration. Duncan Sinclair, senior brand manager for Pol Roger has observed a lift in sales off the back of this. "We have had no shortage of demand, only supply," he said. "We have been able to sell everything that is allocated to us across our vintage wines including Cuvee Sir Winston Churchill."

Tim Boydell from Angoves, importer of Champagne Nicolas Feuillatte said the brand has had a very successful year. "A mixture of a targeted lifestyle promotion coming into last summer worked a treat and grew distribution," he said. "We are a family owned business and recognise [the] extra recognition and support by our liquor retailers, [and] also owners of family businesses who appreciate our businesses are broadly aligned."

Despite the widespread financial unease, demand for sparkling and champagne is on the up for both Moet and Chandon and Domaine Chandon. Marketing director Jonathan Coles said he doesn't believe it will change anytime soon. "We have market leading brands which will still be drunk although it's probable they will drink less," he said. "We have experienced a phenomenal growth in sparkling and champagne - demand outstrips supply for Krug." Coles added that despite the exchange value changes in the Australian dollar, bottle pricing for the company's brands will not change in the medium term.

While people are still drinking champagne, there is still good news for imported sparkling wines too. Diego Jimenez, CEO of Freixenet-importer Wingara Wine Group said there will be an increasing market share for imports. "As France and Spain are the leaders they will keep it up their relative positions as long as an employment does not feature here," he said. "France sells image brands and Spain sells Cava as a value wine not too far removed from French champagnes - but more reasonably priced. The trick is to explain the price difference between France and Spain - once they taste they will understand."

Currently all Cava products are sit under a \$20 price point and Diego sees the opportunity within the \$20 - \$40 bracket to use the best wines from free run juice and extended lees age with appropriate packaging. Cava normally has 9 -18 months on lees for young drinking and prestige cuvees need two and a half to four years on top of base wine as the varietals acidity and flavour require longer maturation.

When it comes to sparkling rose, experts say with this summer's warmer weather the pink bubbly will be a popular choice. Roger Maconachie, brand manager for Jansz said 2009 will be a good one. "The Jansz sparkling rose NV is seeing unprecedented growth in the double digits. Our understanding is that rose champagne slowed over the past year, however sparkling rose has outperformed the sparkling segment and we are seeing double digit growth with some figures suggesting 17 percent," he said.

The Australian sparkling market has shifted, with lots of small brands appearing and it's a challenging time for the major producers. The spirit of innovation has taken off and moved to smaller producers and regional cool climate brands. According to Jacobs Creek brand ambassador Christopher Morrison, sparkling has always been a gateway to wine. "Part of the trend

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in this area is local growth in less acid styles predominantly made or based on muscat," he said. "Low alcohol and off dry - it's Barossa Pearl in a new frock, what's old is new again." The *Drinks Trade* tasting panel found Brown Brothers "Zibibbo" an exceptional example of this style.

In terms of the Australian market, sparkling winemaker Ed Carr of Constellation Wines believes regional wines are becoming more popular. "Consumers of sparkling are actually seeking higher quality wines, emulating style and sophistication, with a particular focus on regional origin," he said. Price point is also an issue, which general manager of sales and marketing at Blue Pyrenees Estate Matt White concurs. "Consumer quality recognition is an issue and well established affordable champagnes like Pol Gessner at \$39.99 are providing quality and image challenges for Deutz, Arras, Jansz, Croser and Midnight cuvee."

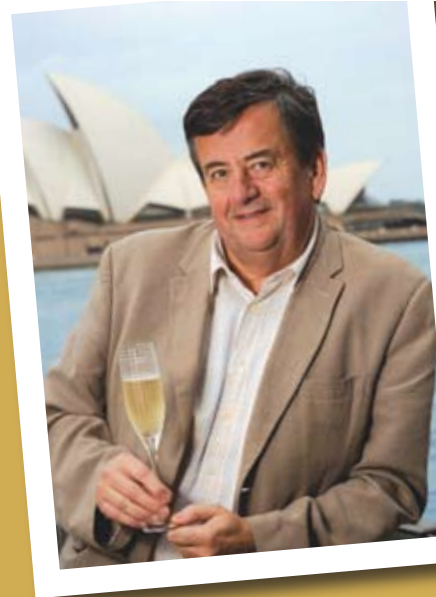
De Bortoli is currently enjoying strong growth across all sectors of the market with the reinvention of the Emeri brand. Emeri has over half a million dollars to support it and communication is aimed at the consumer who is looking for floral, fruity and approachable styles. National sales manager Peter Yeoman said it's about thinking outside the square. "In October 2007 De Bortoli released two fruitier styles, a moscato and a pink moscato and in September 2008 a sparkling sauvignon blanc," he said.

"This is our proactive push into the 27-year-old female who loves sparkling and sauvignon blanc. It's a work in progress as it hits the target market there has seen huge acceptance for this spring."

After a year with some bad news there is still plenty of interest from new local entrants. With the likes of De Bortoli Emeri Sparkling Sauvignon Blanc and Climbing 2008 Sparkling Pinot Grigio pioneering new categories, the sparkling wine market will never be the same again.

# Marque of style

Chief winemaker for Nicolas Feuillatte champagne, Jean-Pierre Vincent was in Sydney recently for the launch of the new 1998 Palmes D'Or packaging. Rob Geddes sought his views on the changes he has experienced and why the brand has been successful.



Jean Pierre Vincent is a rare beast, both the longest serving winemaker in a Champagne house - from 1976 - and with his appointment as chief winemaker in 1979 at Champagne Nicolas Feuillatte, the longest serving chief winemaker in the region. Nicolas Feuillatte is the modern success story of champagne with a younger fresher style that is easily understood by the market. Sales have been spectacular, from one million bottles in 1997 to nine million bottles in 2007.

### **On Feuillatte's success**

"To be a Grand Marque in Champagne you need 200 -300 years of history. But to be a successful brand you need to be commercially relevant with good wine, a distinctive style, interesting story and a point of difference that evolves over time."

### **On changing vintages**

"The average harvest date used to be between 15 September to 15 October but in 1976 vintage was in August. Today it is more likely vintage will occur between 1 and 15 September."

### **On what consumers will be drinking in the future**

"I cannot imagine zero dosage so called 'natur brut' catching on. I am inclined to believe that chardonnay champagne is the future although not under the blanc de blancs name."

### **On the expansion of the Champagne area**

"The 1927 definition of what could be planted included a lot of villages where the mayors decided on behalf of the village not to join the Champagne area. To many of them the costs of planting vineyard was too high and the future uncertain so they opted out."

Today the local experts have banded together and there is considerable agreement on what should be included. However the recent decision by the Champenoise to expand is overridden by European laws which have put a ban on planting until 2015 - 2018. Once the ban is over turned there could be a free market approach to the expansion of the vineyards with no restriction on where they are planted. As Jean Paul observes, "Expansion is good but it's about selecting good sites." The Champenoise are unlikely to accept planting without site restrictions. This is a story with many twists to come.