

Champagne and Sparkling Wine - UK - February 2010

Report Price: £1500 / \$3000 / €2250



What is this report about?

The UK Champagne market has seen a sharp decline in 2009, primarily due to the economic downturn. However, Champagne Houses also have a number of tricky issues to negotiate in the UK market, foremost among them the increasing power of supermarkets, meaning that Champagne's luxury status is being diluted by discounting.

In contrast, the sparkling wine market has continued to perform well despite the recession and has seen 38% growth in volume sales between 2004 and 2009. Consumers are noticing its improved quality and this market has a strong future.

What have we found out?

- Champagne on-trade sales declined by 31% in volume sales in 2009 due in part to declining pub revenues but mainly the product's high price-point at a time of recession. This means supermarkets alone now account for nearly half of all volume sales.
- Supermarket offers such as Champagne for £10 may have helped Champagne sales recover over Xmas 2009 but potentially at great cost to the product's upmarket image e.g. 2.7m drinkers think that discounting/promotions mean that Champagne is no longer a luxury item.
- Sparkling wine is improving its reputation for quality, with 6m people thinking standards have got better in recent years and 8m thinking that there is little difference in quality between Champagne and sparkling wine, but noting that the latter is much cheaper.
- The recession has encouraged three in ten drinkers of sparkling wine or Champagne to switch to sparkling wine because it is cheaper.
- The recent popularity of sparkling wines is evident in the fact that seven out of every ten bottles sold in the UK are sparkling wine compared to three in ten that are Champagne.
- Climate change means that conditions are increasingly amenable to producing good English quality sparkling wine. This is something consumers here are starting to pick up on e.g. almost 3m people agree that the English make good quality wine these days.

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