

Champagne and Sparkling Wine - UK - July 2012

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"Champagne now faces the very real risk of losing its strongest USP and association, with improvements in quality and the favourable price comparison of sparkling wine posing additional problems for Champagne brands."

- Chris Wisson, Senior Drinks Analyst

In this report we answer the key questions:

- **Can sparkling wine boost its associations with celebrations further to drive growth?**
- **Does English sparkling wine need to forge a unique identity?**
- **How can Champagne fight back?**
- **Are discount Champagnes a longer term threat to the market...?**
- **...and should sparkling wines follow this discounting template?**

The UK Champagne market continues to face notable challenges posed by the economic downturn, with overall sales falling and on-trade sales in freefall. Off-trade sales of Champagne have held up a little better with low-price variants and promotions helping to drive volume sales but also potentially damaging the market's image in the longer term. As a result, few of the leading Champagne brands have achieved sales growth in recent years, with many users switching to cheaper alternatives.

Where Champagne has struggled, many types of sparkling wine have thrived. Typically priced at a lower level than Champagne, sparkling wines such as Prosecco and Cava have benefited from the economic downturn. In particular, English sparkling wine is a market on the up, though still decidedly small.

The report assesses the UK market for Champagne and other sparkling wines, including sales through both the off- and on-trade. Coverage in the report is restricted to wine of fresh grape with a minimum strength of 5.5%.

- **Champagne:** including rosé and vintage Champagne, is produced under strict regulation within the tightly defined Champagne appellation of France. Within the EU, the term méthode champenoise is similarly restricted solely to the Champagne area.
- **Sparkling wines:** including, white, rosé and red, are known by a variety of terms, dependent upon the region of production.

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