

# MARKET WATCH

## Champagne Pops Its Top



After declining in 2020—when the Covid-19 pandemic shuttered many of its key occasions—Champagne roared back in the U.S. last year, achieving a new all-time high of 1.89 million case depletions on 25% growth, according to Impact Databank. In addition to the pandemic, the Champagne business was hurt in 2020 due to stockpiling by U.S importers the previous year amid threatened tariffs on the category. But 2021’s performance showed that while challenges remain in terms of the supply chain and allocation issues in various markets, consumer demand for bubbly is riding as high as ever.

Last year, Champagne’s export value to the U.S. soared 58% to €793 million (\$838 million) on shipments that were up 64% to 2.8 million cases, as the category far outperformed fellow European sparklers Prosecco and Cava. On a per-case basis, shipment value to the U.S. slipped slightly in 2021, down 3.4% to €279 million (\$294 million), but it remains more than 20% higher than it was a decade ago. The U.S. ranks second only to France in terms of global Champagne volume and value, and well ahead of third-ranked U.K. by both measures.

But Champagne’s resurgence last year wasn’t only a U.S. phenomenon. All of Champagne’s top 15 markets worldwide were up by double-digits in both volume and value, with the global category surging 31% to 26.7 million cases and generating €5.7 billion (\$6 billion) in sales, up from €4.2 billion (\$4.5 billion) in 2015, according to Impact Databank. That momentum has carried over into 2022, marketers say, as consumers continue to seek reasons to celebrate, both on- and off-premise. “Consumers are continuing to purchase Champagne in many aspects of their lives, especially beyond traditional celebratory moments like birthdays, anniversaries, promotions, and so on,” says Anne-Sophie Stock, vice president of Moët & Chandon and Veuve Clicquot at Moët Hennessy. “We’re also seeing our consumers purchasing bottles for smaller moments or simply because it’s a Tuesday. This growth is evident through e-retail, especially grocery delivery, where consumers are making Champagne part of their recurring weekly ritual. We remain optimistic for the coming months, as the holiday season is our greatest period of sales each year.”



## Top Players

Champagne's brand leaders in the U.S. posted sterling performances across the board in 2021, with the top 20 labels combining for 25% growth to 1.8 million cases, according to Impact Databank. The vast majority of those leading brands were up by double-digits. Moët Hennessy USA dominates the Champagne category in the U.S. with the two largest labels—Veuve Clicquot and Moët & Chandon—plus fifth-ranked Dom Pérignon and Ruinart, which ranks as the 16th largest Champagne brand stateside. Each of those sparklers posted robust gains.

Veuve Clicquot and Moët & Chandon were the top two wine brands overall by retail dollars in 2021 among all wines priced at \$25-and-over in the U.S. market, according to Impact Databank. Together, they represent a full two-thirds of the Champagne category in the U.S. “Our flagship offerings for both houses—Veuve Clicquot Yellow Label and Moët & Chandon Impérial Brut—continue to be strong sales drivers,” says Stock. “That said, we do have our breakthrough products that have experienced strong growth over the last year, including Veuve Clicquot non-vintage rosé and La Grande Dame, the portfolio's prestige cuvée, and Moët & Chandon's Ice Impérial and Nectar Impérial rosé, the latter of which has shown strong consumer demand and growth potential beyond our core market.”

Champagne Laurent-Perrier posted the fastest growth among the largest-selling labels on the market last year and vaulted to No. 3 in volume terms, according to Impact Databank. The brand has doubled in size compared with just three years ago, and has been promoting Laurent-Perrier Cuvée rosé as the quintessentially French pink Champagne in a bid to differentiate itself, while continuing to cultivate interest at the top end with prestige cuvée Grand Siècle.

Nicolas Feuillatte, ranked fourth in the U.S., merged with the Coopérative Régionale des Vins de Champagne (CRVC) late last year to form a new company called Terroirs et Vignerons de Champagne, with projected 2022 turnover of €287 million (\$303 million) on volume of 1.7 million cases. The merger brings together approximately 6,000 wine growers and 3,000 hectares (7,400 acres) spread over the entire appellation, representing nearly 9% of the Champagne vineyard area. In the U.S., where Feuillatte is imported by Ste. Michelle Wine Estates, CEO Christophe Juarez says that its “Reserve Exclusive Brut and rosé are on fire,” and that the brand will be boosted further by a new “Unleash the Bubbles” campaign.

Two Pernod Ricard brands, Perrier-Jouët and G.H. Mumm, also posted strong gains in 2021, due primarily to the stellar performance of Grand Brut Shape and Grand Cordon Brut, respectively. Both Perrier-Jouët and G.H. Mumm are among the top seven Champagnes in the U.S., combining for just over 100,000 cases last year.

Just outside the top ten, Bollinger continues to make progress in the U.S., imported by New York-based Vintus. “The last few years have certainly seen an unprecedented boom for Champagne generally, and for Bollinger Champagne specifically,” says Vintus CEO Michael Quinttus. “The combination of increased consumption of ‘special occasion’ wines at home on a regular basis, due to a reduction in travel and restaurant spending during Covid-19, made a \$75 bottle of Bollinger Special Cuvée an accessible splurge. Every single case of Bollinger, from Special Cuvée to R.D. (an ultra-premium cuvée), is now allocated by account, a situation that was frankly unthinkable only four or five years ago.”



Imported by New York-based Vintus, Bollinger Champagne is one of the category's rising brands, but like many other Champagne houses, the label is seeing supply chain issues. Its portfolio is currently allocated to ensure that the best accounts get what they need. (Photo by Lee Osborne)

## Rising Contenders

Beyond the major labels, other especially fast-growing Champagne brands in the U.S. last year include Drappier, which skyrocketed 128%; Beau Joie, which increased 65%; Delamotte, which jumped 47%; and Collet, which grew 17%. Earlier this year, Collet unveiled a limited-release commemorative bottling called Cuvée n°21 in celebration of its founding in the Grand Cru village of Aÿ in 1921. A blend of 21 of the Champagne house's best years dating back to 1961, it retails for around \$175 a 750-ml. “Champagne is back on track in terms of sales, and especially in the U.S. it's doing very well,” says Pascal Boye, Collet's vice president for the U.S. “Things are back to normal, or even better than normal, and Collet is growing nicely. This year, it's so far so good.”

Lanson is another brand taking aim at U.S. expansion after joining the Terlato portfolio last year. In the U.S., the core Lanson range includes Black Label Brut (\$50 a 750-ml.), Rosé Brut (\$70), and Green Label Bio (\$75). “We really have set up the ambition to have our fair share of the market in the U.S., the biggest export market for Champagne in value,” says Lanson president Francois Van Aal. “We’ll be releasing two new cuvées this year: Prestige Cuvée Vintage 2009; and Clos Lanson, a 2007 vintage Champagne from a one-hectare plot in the center of Reims.”

While Lanson is among the oldest Champagne brands, Beau Joie is a newcomer. It’s targeted squarely at the high end, with a core range that starts at about \$100 a 750-ml. bottle. Deutsch Family Wine & Spirits took a minority stake in the brand earlier this year and handles sales and marketing across North America. “Traditionally, Champagne has been defined by heritage and tradition,” said Deutsch Family president Tom Steffanci. “Beau Joie, in contrast, is youthful and high energy, attracting different consumers to the world of Champagne. We’re confident we can help introduce the brand to a huge number of new consumers.” Beau Joie’s packaging is distinguished by a recycled copper wrap around the bottle that mimics a suit of armor, and the brand has gained visibility as the official Champagne of the NHL’s Vegas Golden Knights.

Napa-based Quintessential is another importer now active in Champagne, after welcoming the Palmer brand. “Last year was our first full year with Champagne Palmer,” says Quintessential co-owner Dennis Kreps. “It’s an elegant, finessed style. The core wines are the Brut Reserve (\$60 a 750-ml), the Rosé Solera (\$80), and the Blanc de Blancs (\$90), and they have a deep reserve of vintage Champagnes.”

Rémy Cointreau has made a renewed effort in Champagne, acquiring majority control of the Telmont label. Telmont also recently brought on actor Leonardo DiCaprio as an investor. While the size of the stake wasn’t disclosed, DiCaprio cited Telmont’s sustainability measures as drawing him to the brand, which is aiming to convert its entire vineyard to 100% organic agriculture by 2025 and assist its partner growers with the full conversion of their vines by 2031. Last year, Rémy Cointreau launched Telmont in the U.S., with price points ranging from \$60 to over \$200 a 750-ml. bottle. Telmont produces about 400,000 bottles (33,000 cases) annually.

While French luxury group EPI is among the brand leaders with Piper-Heidsieck, handled by EPI-controlled Folio Fine Wine Partners, it’s also aiming to restore the Charles Heidsieck brand to prominence. “The younger generations might have forgotten it, but Charles Camille Heidsieck, our founder, established consumption of Champagne in the U.S. some 170 years ago,” says Charles Heidsieck managing director Stephen Leroux. “He was the first Champagne house owner to build his business. He set up the codes of consumption, and the trend to really get the U.S. fond of Champagne wines.”

Charles Heidsieck is now getting a relaunch, including the return of the top-end Champagne Charlie label (\$430 a 750-ml.), with the U.S. receiving half of its global allocation. “Given our history, the U.S. market is at the helm of our priorities,” Leroux notes. “We’re rebuilding it at the top premium segment of the market, with a highly selective distribution model. Champagne Charlie, as a brand within our range, will certainly have a ‘lighthouse’ role at the very top of the tower.”



## **Optimism Reigns**

The supply crunch and gathering macroeconomic challenges aren't dissuading new players from entering the Champagne category. In the early days of the pandemic, Campari acquired 80% of Lallier Champagne for €22 million (\$23 million), and subsequently added the brand to its upscale Rare division, targeting the U.S. and other key markets for expansion. Treasury Wine Estates is also looking to make a play in Champagne. Treasury CEO Tim Ford said in May that the company remains underweight in sparkling wine and considers Champagne a gap in its portfolio, although it has dabbled in the category, collaborating with Thienot to produce a Penfolds Champagne in recent years.