

All aboard for sparkling wine

Buoyed by steady growth in global travel retail, leading Champagne and sparkling wine players eye the cruise ship sector. Joe Bates reports

The Champagne and sparkling wine category in global travel retail (GTR) saw sales grow by 4.4% to total over 1.6m cases in 2017, according to the IWSR. Suppliers highlight the growing potential of the inflight and cruise line pouring businesses and airport retail sales continue to grow in Asia from a low base. Europe remains the dominant duty-free market for the category, however.

Moët & Chandon, the market leader, enjoyed an impressive year in 2017, posting sales of 206,100 cases, an increase of 5.2% on 2016. The brand enjoys a 12.9% share of the Champagne and sparkling wine category in duty free. Veuve Clicquot, the other LVMH-owned brand in the top-ranked sparkling wines, placed third in terms of sales, one spot lower than 2016, but still enjoying growth of 4.5%.

Bottega moves into second place

Bottega prosecco moved up to second place in the 2017 rankings with a 12.1% increase in sales. Sandro Bottega, company founder and owner, says the brand has enjoyed further 4% growth in 2018. He says highlights for 2018 have been the continued strong performance of the flagship wines Bottega Gold and Bottega Rose Gold (particularly the growth of Bottega Gold's 20cl mini bottle), as well as Il Vino dell'Amore Moscato Petalo, a sweet sparkling wine made from moscato grapes.

The 20cl bottle format is helping Bottega to gain ground in the growing in-flight buy-on-board market. "Bottega minis have been recently added by several other locations, ranging from trains and aircraft, to Swiss casinos (e.g. Basel and Locarno) to South

African lodges," says Bottega. "The 20cl bottle is very easy to handle and serve on board. Moreover, it contains single servings, which is the perfect quantity of wine for one consumer."

Bottega says the company's range of 20cl premium Italian sparkling wines now extends to Bottega Gold, Bottega Rose Gold, Il Vino dei Poeti Prosecco DOC Brut, and Il Vino dell'Amore Petalo Moscato. "When served on board trains and aircrafts, our sparklers have given travellers all over the world the opportunity to taste the typical wine of the Veneto region," he adds. "They are unique, versatile and modern, and bring a touch of quality and genuineness in an increasingly globalised business. Last year we introduced some new packaging sets related to these products – a two-bottle set, a four-bottle set and an ice bag with four bottles.

"Since the beginning of 2018, Bottega has won five new airline listings, bringing the total number of listings to 32," Bottega continues. "Considering the business in general, the most impressive growth is UK airlines for the buy-on-board [segment] with mini sparklers – the overall growth (2017 compared to 2016) in the duty-free and travel-retail business is 3.6%."

Sweet success for Bottega

Bottega has also been nominated for a Frontier Award for a cross-category gifting initiative released last year in partnership with Swiss chocolatier Lindt. The gold travel retail-exclusive gift

pack featured a 75cl bottle of Bottega Gold and a box of Lindt Swiss Masterpieces Pralines. The gift box has been rolled out to locations such as Dubai Duty Free, Qatar Duty Free, Bahrain Duty Free, Milan Malpensa airport and Argentina's Puerto Iguazú border store.

"The synergistic union between Swiss Masterpieces Pralines and super-premium prosecco Bottega Gold was a 'perfect match' on both the taste side and the commercial aspect that attracted and enthused travellers across the world," says Bottega. "The eye-catching cross-category promotion has taken gifting to the next level, and strengthened and emotionalised the confectionery and liquor categories. It succeeded at boosting non-promotional sales and helped increase average transaction value across duty-free outlets globally. At Dubai Duty Free, in January and February 2018, sales increased respectively 12% and 51% compared to the same period of 2017," he added. "We saw similar performances in Beirut and Qatar."

In Cannes this year Bottega will unveil Il Vino dei Poeti Prosecco Superiore DOCG Rive di Guia. "Rive' is the local name by which specific 'crus' in the DOCG area are named," says Bottega. "They are characterised by very steep slopes – hence, specific soil, microclimate and sun exposure – and they produce the highest-quality grapes for prosecco. Guia is a hamlet in ▶

Bottega Gold, here with a faux leather bag, is performing well



the heart of the DOCG denomination and Rive di Guia is considered one of the most valuable among the 42 Rive in the prosecco area. It is a dry prosecco, but the long contact with the lees gives this wine more depth and texture, balancing the sweet feeling from the residual sugar."

Freixenet makes prosecco debut

Freixenet was one of the IWSR's best-performing sparkling wines in duty free in 2017, growing over 20% in 2017 to total 131,600 cases, largely due to the Spanish company's move into the booming prosecco category. Philippe Jamme, global travel-retail sales manager for Freixenet, says: "Wine – sparkling and still – remains a less developed category in the GTR channel, but increasingly retailers are seeing the opportunities and the advantages of offering a global offer rather than destination or region specific. Freixenet has made good headway over the past few years and 2017 was an excellent year for us. 2018 is proving equally positive.

"We are building our offer to meet the needs of the channel with exclusivity, innovation and improved packaging for on-shelf appeal," he adds. "We work with many key retailers including Heinemann, Lagardère and Dufry, along with smaller regional operators and distributors for certain areas within the Middle East and Asia.

"For us, global travel retail remains a development opportunity and our ambition is two-fold – to grow our presence where we are already listed, and to build new business. We are experiencing double-digit growth in most regions, mainly driven by Freixenet Prosecco DOCG and our premium still wine portfolio."

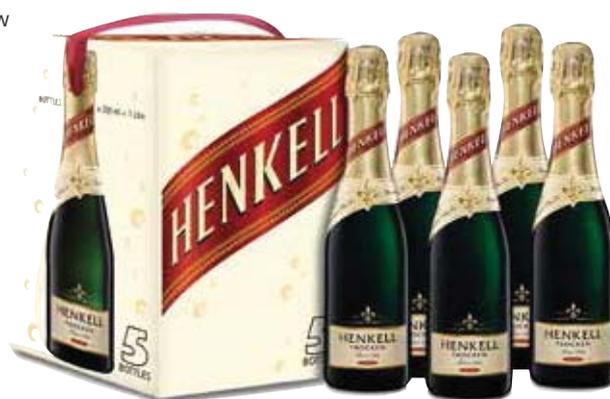
Last year's launch of Freixenet Prosecco DOCG in duty free was "extremely successful", according to Jamme. "The uptake in global travel retail has been encouraging, driven both by the reputation of the Freixenet name and the popularity of prosecco generally, and we've secured listings with key retailers in Europe, the Middle East and Asia," he says.

Freixenet will unveil Freixenet Pinot Noir Rosé Sparkling at Cannes. Liza Madrigal, Freixenet's marketing director for GTR, says the wine is the latest addition to the company's premium Italian range, and has been exclusively created for GTR. "This is a high-quality product range created via extensive research into every aspect from the liquid itself to the packaging," she says. "We're confident that this new product will bring us closer to

becoming the number-one choice of sparkling wine for consumers."

Henkell/Freixenet tie-up

In August this year German wine group Henkell & Co. acquired a 50% stake in Freixenet. Commenting on the deal, Henkell & Co. global international marketing & PR manager Vanessa Lehmann says: "The extensive strategic partnership offers clear advantages for both companies. Joining forces will allow us to benefit from opportunities in the globally growing sparkling wine industry even more. While both companies operate internationally, they have different regional strengths. Together Freixenet and Henkell & Co. can offer their customers global expertise and a unique range of top sparkling wine and wine brands.



The popular Henkell Piccolo five-pack remains within the one-litre flight allowance

"The extensive strategic partnership should open up new markets and distribution channels for both companies and promote long-term growth," adds Lehmann. "This greatly reinforces the long-term competitiveness of Henkell & Co. and Freixenet, creating lasting value for customers, employees and shareholders. In the medium term, it is important to analyse all parts within the businesses and align them with one another as best as possible. In the long term, we want to become the world's leading sparkling wine group and continue to grow.

"Now after the closing [of the deal], the optimal alignment of the future cooperation will be jointly developed in all markets. Both companies will initially be managed separately. In the next few months, we will discuss all topics and open questions arising from the strategic partnership with our customers personally. The well-known duty-free managers [of both companies] will of course continue to be at

customers' disposal as usual." With regards to Henkell's own travel-retail business, Lehmann says that Europe continues to have a high importance for the company, but that cruise lines and airlines in Asia and the US also have potential. The key focus for the company in travel retail is the flagship Henkell line and Mionetto prosecco.

Lehmann highlights the strong performance of the Henkell Piccolo five-pack, which contains five 20cl bottles. "It's a unique format that is perfect for all travellers as it remains within the one-litre allowance and is a great gift at the same time," she says. "We also see a trend for rosé sparkling wines and white bottles, so that our Henkell Rosé and Henkell Blanc de Blancs, in the white painted bottle, are successful at airport shops."

Tastings are a key promotional tool for Henkell. "It is essential that consumers get the chance to taste the product and convince themselves of the taste and the quality of our products," says Lehmann. "Moreover, promotions like buy-two-and-get-three, as well as percentage discounts, work quite well. For all kind of promotions, the timing and the selection of the right product for the promotion is important. For instance, we promote riesling very strongly in springtime and Henkell Rosé and Mangaroca Batida de Côco [coconut liqueur] in summertime."

In March this year a new packaging design for Mionetto prosecco was unveiled. "At the centre of the relaunch is the colour orange, which embodies characteristics like vitality, emotion and strength," reveals Lehmann. "The stronger orange colour, a new label design giving the word 'Prosecco' a stronger presence on the front label, and a new brand logo incorporating the two orange stripes – all this is part of the Orange Choice!"

Zonin success onboard cruise lines

Family owned Zonin, the Italian sparkling wine brand, ranked sixth in the list of best-selling sparkling wines in duty free in 2017, selling 64,000 cases, a slight increase of 0.4% on the previous year. Alessandro Marchesan, Zonin 1821 export director, says the company's sparkling wines have performed "very well" in 2018, gaining listings on airlines and cruise ships in Northern Europe and the US. "We also have a strong presence in the UAE with some of our finest wines and in Sri Lanka," he says. "South-East Asia, Thailand, especially, represents ▶

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a big opportunity for growth due to the traffic of the big airports [there]. Europe, in general, is still a market that we need to develop, and the Nordics still have great potential. The US, especially the cruise line business, also represents a very important focus for us."

At Cannes, Zonin1821 will be highlighting its Chilean Dos Almas range, which originates in three of the country's winemaking regions: Colchagua, about 100 miles south of the capital Santiago, Casablanca in the west of the country, and finally, Maipo, Chile's most historic wine region. Among the seven wines in the new range is Dos Almas Brut, a sparkling chardonnay.

"Our new sparkling Dos Almas Brut has been chosen by Silja Tallink... Dos Almas has also been selected for the duty-free [channel] in Sri Lanka, where we have a dedicated duty-free brand ambassador for the Zonin1821 portfolio," says Marchesan.

Accolade Wines sparkle in GTR

Accolade Wines' Da Luca prosecco, supported now by a rosé variant, also had a strong year in travel retail in 2017. The forward momentum has carried into 2018, according to Rupert Firbank, commercial director GTR. "We have carried out tastings in key airports and terminals around the UK and have built some really premium-looking in-store displays," he reveals.

"Through tastings and staff training we know that both passengers and staff enjoy the taste and have become advocates. Da Luca prosecco is also available in a considerable number of on-trade outlets in the UK, which helps to cultivate recognition. Prosecco is still growing in the UK, but it is getting more expensive," he argues. "At the same time, Champagne is also more expensive, so there is still a large gap for sparkling wine to fill and satisfy demand, at the price points which Da Luca represents."

Da Luca also has numerous mainland European and Middle Eastern listings, including Oslo, Stavanger, Bergen, Kristiansand, Trondheim, Copenhagen, Hamburg, Qatar, Sharjah, Muscat and Hyderabad airports, as well as NAAFI military shops, and listings onboard ferry lines such as DFDS and Smyril Line."

Accolade's broad sparkling portfolio also includes the Tasmanian wine brand House

Sparkling chardonnay Dos Almas Brut, part of Zonin1821's Chilean Dos Almas range

of Arras. It was recently awarded 'Best Sparkling' for the 2006 Rosé at the recent annual Halliday Awards in Melbourne. House of Arras was also the top sparkling brand, receiving five of the seven highest points. The Rosé 2006, Blanc de Blancs 2008, Grand Vintage 2007, EJ Carr Late Disgorged 2003 and the Museum Release Blanc de Blancs 2001 all received 97 points.

House of Arras' wines are *méthode traditionnelle*, with wines aged between three and 10 years. "The House of Arras range is well distributed in Australian duty free and can be found in Sydney, Melbourne, Brisbane and Perth airports," says Firbank. "Brut Elite and Grand Vintage Wines have the broadest distribution, but are well supported in Sydney, Brisbane and Perth airports with the EJ Carr Late Disgorged, Rosé and Blanc de Blanc expressions."

Nicolas Feuillatte joins the circus

Nicolas Feuillatte, the third-ranked Champagne in duty free, is currently enjoying double-digit growth in the channel, according to managing director Christophe Juarez. "The cruise line category has been particularly dynamic during the first half of 2018, but airlines still represent the lion's share of our travel-retail business worldwide. We are happy to report that we've enrolled new listings this year with ANA, JAL, LATAM, Thomas Cook and Air Austral."

Europe is "huge" for Nicolas Feuillatte's duty-free business, according to Juarez, with the brand accounting for 10% of French travel retailer Aelia's Champagne sales. He says major European hubs such as Paris Charles de Gaulle, Amsterdam Schiphol, Frankfurt and London Heathrow are vital shop windows for the brand and will be the recipients of more investment in the years to come.

Elsewhere, the company has identified Dubai Duty Free and Abu Dhabi Duty Free as important duty-free sales locations. Nicolas Feuillatte is now listed as a pouring Champagne onboard Singapore Airlines, ANA and JAL. "Asia-Pacific is exciting and developing," Juarez says.

Juarez also highlights the travel-retail potential of Nicolas Feuillatte's recent announcement it is to become the official Champagne supplier for touring troupe Cirque du Soleil's upcoming North American roadshow. "Our exclusive contract with Cirque du Soleil in North America definitely opens new opportunities. We are historically very strong in the US market and it is our number one priority. Nicolas Feuillatte and Cirque du Soleil will attract a new generation and a new type of consumers with whom we share the same value – enchanting life!

"The Cirque du Soleil 20-months' roadshow throughout the US and Canada will also see a wide audience frequently commuting by air to the different venues," he adds. "These are potential flyers on flights where Nicolas Feuillatte is poured: Palmes d'Or 2008 on American [Airlines]; Grand Cru Blanc de Noirs 2008 on United [Airlines], to name just a few."

Echoing the thoughts of other leading Champagne houses, Juarez highlights the growing importance of the cruise channel. "We are performing really well with Seabourn in the Caribbean and in Europe, as well with MSC," he reveals. "It's a captive audience, ideal for onboard consumption: bars on different decks, restaurants and entertainment. There is a huge increase in cruise trips around the world – and there is still lots of room for Champagne while cruising. It's the perfect match."

Cruise "priority" for Pommery

Myriam Renard, senior international sales director global duty-free and travel-retail director at Vranken Pommery Monopole, says 2018 has been a year of good growth for the company. "I am happy to report strong and consistent growth of our activities in the cruise line channel, which is a strategic priority for us. We have some significant ship Champagne listings onboard luxury major cruise lines in the US and in Europe such as Silversea, TUI and Oceania.

"Vranken-Pommery Monopole has a strong presence in the hospitality industry. We are official partners of Relais & Châteaux, the Leading Hotels of the World, AccorHotels International, as well as the official Champagne ▶

Accolade Wines' Da Luca prosecco is now supported by this rosé variant



of the 'Bocuse d'Or' competition created by the famous French Chef Paul Bocuse to promote French cuisine. This expertise is highly regarded by the luxury cruise lines whose customers are familiar with the most exclusive fine-dining outlets worldwide."

The company's performance in the airport channel is slightly better than last year, according to Renard. The key European market is stable, she reports, while Asia is showing sustained growth from a still small base. "Historically, we enjoy a strong presence in South America, which reflects the strength of our Pommery brand in this region," says Renard. "Our performances there are above last year so far. Pommery Royal Blue Sky has been one of our major successes in the airport channel sustained by a strong programme of activations."

Pommery Blue Sky, which is meant to be drunk over ice, is one of a number of new products Vranken-Pommery Monopole is promoting in duty-free last year, along with Vranken Brut Nature, a 0% dosage wine, Louis Pommery USA, the company's sparkling Californian wine, and the just-launched Louis Pommery England, a sparkling wine made from pinot noir and pinot meunier grapes from the English county of Hampshire.

The in-flight sector remains important for Vranken-Pommery Monopole. Renard says: "Air France, Qatar Airways and Lufthansa are among our regular customers. The high-tech production capacities of our group and our strong supply capacity are key for us to supply major international airlines, for which the quality of the product, but also the supply chain performance and the reactivity are essential. [Quarter-bottle line] POP was also selected by JOON, the brand new [airline] company from Air France, our quarter [POP] bottle matching perfectly the trendy, innovative concept of the company."

At Cannes, Vranken-Pommery Monopole will show buyers a new cuvée from Pommery, Pommery Apanage Blanc de Blancs, a 100% chardonnay from the northern region of the Montagne de Reims and the hills of Nogent L'Abbesse. The sugarless Pommery Cuvée Louise Nature will be another focus.

Drappier finds inflight success

The duty-free shelves are still dominated by the big Champagne houses, but according to family owned Champagne Drappier, which is represented in duty free by UK-based travel-retail distributor Red Zero 7, buyers are becoming more receptive to listing smaller marques. A



Pommery Pop has had success in the airport channel with duty-free activations

Drappier spokesperson says: "Consumers ask to know more about the Champagnes they buy, their interest in organic wine and sustainability is growing. However, this trend, which has already massively affected the traditional channels, is yet to penetrate the duty-free market completely. The latter is still heavily influenced by marketing and large players, who own their own duty-free retailers. But their openness to welcome a Champagne like Drappier is definitely a sign for the future of the category."

Drappier is distributed in more than 100 countries worldwide. On the back of this broad distribution, Drappier and Red Zero 7 have managed to add business class listings from Qatar Airways, Aeroflot and Air China in 2017 to add to existing listings onboard Air France and Air Canada.

"Our domestic distribution and our onboard presence have then caught the attention of duty-free retailers," says the spokesperson. "We have developed several partnerships that include DFS, Mado [in Mauritius] and, more recently, the highly selective wine shops of Le Clos, in Dubai [airport]."

Meanwhile, high-end Gosset, the oldest Champagne house, founded in 1584, has recorded solid travel-retail growth over the past three years, according to director of international business Bertrand Verduzier. He says this is largely as a result of a number of inflight listings. Asia-Pacific is the main driver of duty-free growth for the house, but Verduzier says Europe also offers good potential, the brand recently having picked up a major inflight

listing with SAS. Gosset is famous for its limited-edition cuvées such as the flagship cuvée Grande Réserve, but Verduzier also highlights the launch this year of the non-vintage Extra Brut, which he says has an "aperitif profile". "It offers a nice pouring option for cruise lines," he says.

Crémant to fill duty-free price gap?

Wine industry veteran Barry Geoghegan is co-owner of Duty Free Global, a joint-venture travel-retail distributor with brands such as Tito's, Corralejo tequila and Paul Sapin in its portfolio. The company has recently been working with Grand Chais de France (GCF), France's second-largest wine company, to develop a range of fine French wines exclusively for the travel-retail channel.

In the course of the project, Geoghegan had talks with several of the top 10 duty-free retailers and they confirmed there was a marked gap in the current sparkling wine offer in the €30-€60 (\$39-\$78) price bracket. "The cava houses and the prosecco people have tried to fill out the mid-price point gap, but between €15 (\$19.50) and €30 (\$39) is their price-fighting area."

Geoghegan says operators have tried unsuccessfully to fill the gap with super-premium prosecco DOCG. "There is definitely a consumer reluctance to pay more for prosecco and cava..." he says. "The consumer is prepared to pay top dollar on Champagne because it's top quality and they are prepared to pay a more modest price for a fun sparkling category. The only thing is, how do we bridge this gap? Retailers told me it will have to be French; unique to travel retail and *méthode champenoise*, even if it's not from Champagne."

To fill this gap, Duty Free Global has worked with GCF to create a new brand, Perle Crémant D'Alsace, which comes in two variants, Noire and Rosé, presented in black and pink bottles respectively. Geoghegan describes the packaging as "funky". "We showed off Perle at Singapore [TFWA Asia Pacific exhibition]," he says. "We've already got it on shelf in Lotte Duty Free and King Power in Thailand, and the early results are very positive."

Duty Free Global and GCF's creation of a sparkling wine exclusively for GTR is a bold move. If successful, it could meet what is a clearly a pressing need among operators for a super-premium sparkling wine brand positioned above cava and prosecco, but below Champagne, which can meet their margin needs and appeal to travellers. ■