

The uncertain outlook for champagne & sparkling wine in global travel retail – Category Intel

By **Richard Woodard** 21 February 2024 9 Min Read


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Stock pressures, geopolitical concerns, economic uncertainty and a lacklustre revival in the Far East may impede champagne & sparkling wine’s rebound in the global travel retail channel.

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The vibrant champagne & sparkling wine category was billed as a key driver of the resurgence of the global travel retail channel in the post-Covid era, with many observers expecting it to bounce back more quickly than other segments.

This positive prognosis has largely been proven correct, with most brand owners bullish about the prospects for 2024 and beyond – but there are still challenges to be addressed, thanks to an uncertain economic picture, geopolitical concerns and a slower-than-expected recovery in the Far East.

“The category is going to recover completely and return to the levels of 2019,” says Bottega Spa founder & MD Sandro Bottega. “In 2023, our brand was growing, but less than in 2022. We have definitely recovered and are performing better than in the pre-Covid period.” 

The outlook at Henkell Freixenet is similar, but with an additional note of caution. “The crisis [in the] supply chain ... and the war in Ukraine have shaken up the recovery,” says Henkell’s global export VP, Sandra Janetzki. “The trend for recovery remains positive, but with many difficulties, which makes it hard to forecast.

“Despite these challenging market conditions, we believe in the recovery, which seems to be closer, and we expect to have reaches similar sales volumes for 2023 as in 2019.”

Small harvests and stock pressure


One of the issues facing champagne in particular is pressure on stocks following two small harvests in 2020 and 2021 – the former limited by fears of a market implosion caused by Covid-19, the latter by terrible climatic conditions.

This is affecting many of the region’s producers, including Billecart-Salmon, where CEO Mathieu Roland-Billecart notes a strong rebound in the company’s GTR business in 2022, but adds: “As for all channels for Billecart-Salmon, our constraint remains our limited production relative to the global demand.”

GTR is a relatively low priority for Billecart, but that’s not the case at Terroirs & Vignerons de Champagne, the business that encompasses Nicolas Feuillatte, Castelnau and Abelé 1757. CEO Christophe Juarez describes the channel as “an important part of our development strategy to get international exposure and broader brand recognition”. He adds: “Following the pandemic, Europe has seen a major swing from business travellers to private customers looking for more indulgence and special treats, such as a glass of champagne.

“The unexpected recovery of domestic markets has created significant shortages of wines in most of the producers’ cellars. We put allocations in place to keep both quality and consistency for all our markets. GTR was also affected, and we significantly reduced the number of tenders to apply for. But we worked with internal synergies, switching from one cuvée to another, in order to continue to supply some of our prominent clients.”

The GTR recovery has been far from uniform, with significant regional variations – as Bottega notes. “We are growing in the main geographic areas,” he says. “Europe and [the] Americas are performing better than Asia, but we trust that also in this continent the passenger traffic – and the sales – will return to pre-pandemic levels.”

At Henkell Freixenet, Janetzki reports a good recovery in airports, especially in Europe. Elsewhere, however, the picture is more complex, as Juarez admits: “We see much more dynamic domestic traffic in the US and, to a lesser extent, on the European side,” he says. “Traffic is not back to normal for long-haul Asian flights, but we see a major swing from international to regional routes more heavily located in Asia. Seven of the ten most-frequent destinations are in Asia, such as Hong Kong–Taipei and Kuala Lumpur–Singapo 

— Last year, Bottega hosted a branded bar at Istanbul Airport

Increasing GTR spend builds momentum as channel recovers

The pandemic's severe impact on the GTR channel caused many brand owners to withdraw or seriously reduce their investment in the channel; as the recovery gathers pace, however, they are beginning to increase their GTR spend again in an effort to bring additional momentum to the resurgence.

Bottega has invested in the latest Bottega Prosecco Bar at Istanbul Airport, in the heart of the Luxury Hall among prestige fashion brands, and launched a summer pop-up bar at Paris Orly in association with Lagardère. Although centred around Bottega's Limoncino, the bar also served the company's proseccos, such as Bottega Gold and Il Vino dei Poeti Extra Dry.

A strong focus for Champagne Lanson, meanwhile, will be its relaunch of core expression Le Black Label as Le Black Création, but key account manager for GTR Albane Lussat also highlights the company's activations in Hamburg with Gebr Heinemann for Le Rosé in November and December, and in Zurich with Dufry for Le Black Réserve during December.

At Henkell Freixenet, Janetzki says the company has a "similar or higher" commitment to the GTR channel versus pre-pandemic times, with a strong focus currently on promoting the Venetian Spritz via Mionetto Prosecco mixed with the new Mionetto Aperitivo, a bittersweet herbal liqueur launched in June last year.

During 2022, the company resumed its seasonal brand activations for core brands such as Mionetto, Henkell, Freixenet and Schloss Johannisberg. Last year's initiatives included the Impulse Podium at Hamburg Airport during July and August, focusing on the Henkell five-pack and Brut Vintage, a GTR exclusive, plus tastings for Henkell Rosé and Henkell Brut Vintage.

As GTR returns to something approaching normality, non-participants are taking their first tentative steps into the marketplace. "We see the channel as a really interesting opportunity for Perlino products, but we're still exploring it in-depth," says Elena Branda, marketing export department for La Martiniquaise-owned Perlino. "In travel retail, we're already suppliers for cruise lines and ferries, but have no presence in the airport travel retail stores.

"A special product line for that channel should be created, which surely should include prosecco and prosecco rosé."

— The Mionetto Aperitivo extension is also on sale in GTR as a double-pack with Mionetto Prosecco DOC Treviso

The thorny issue of luxury packaging and sustainability,

For GTR participants old and new, balancing the demands of consumers for luxury packaging with sustainability commitments is an ongoing issue.

“It’s a great challenge for all the suppliers to imagine and produce new packaging that’s sustainable and reusable, rather than thrown away once the product has been unpacked,” says Lanson’s Lussat. “In some cases, we must also consider whether packaging is necessary, or if it can come as an option. This was the case, for example, with our Le Green Bio-Organic, which we decided to offer without a gift box since 2020.”

Juarez agrees. “Exclusive gift packs represent a significant part of the business – like in the good old days, but sustainability is now part of the game – which means we need to offer different assortments according to each passenger’s profile.

“One-size-fits-all doesn’t work anymore.”

This approach, he believes, taps into an important truth about GTR – one that is also illustrated by the growing business opportunity in airport lounges. “The lounge experience is one of the rare moments when consumers can start to relax and have time to spend,” Juarez says.

“Entering GTR is about more than supplying bottles. It’s a way to get into contact with our consumers, both on the ground, in the air – and through social media, of course,”

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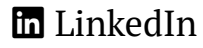
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