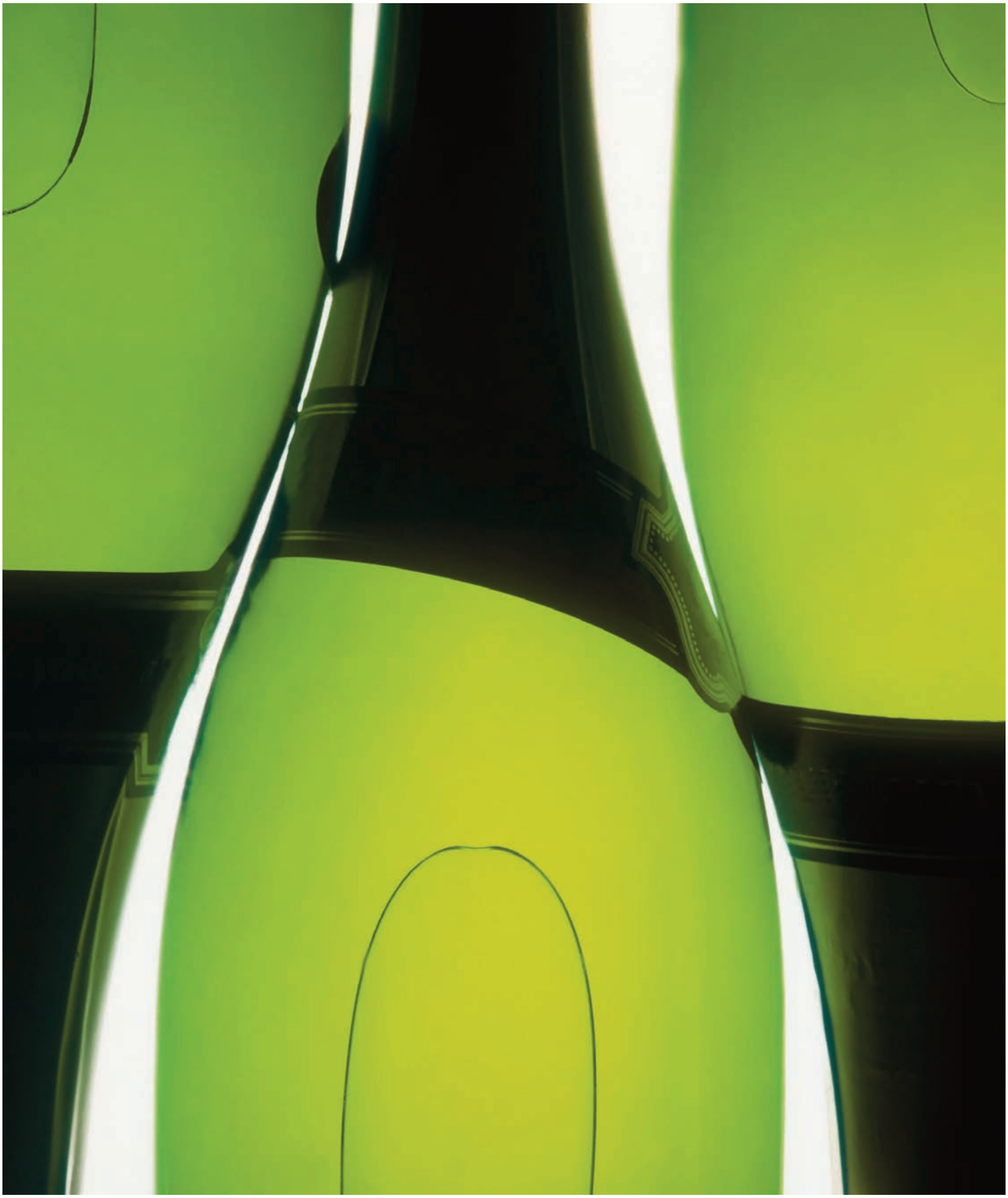
The real deal

Current CIVC regulations put genuine vintage Champagne in the same category as all vintaged prestige cuvées. *Giles Fallowfield* argues that this is unhelpful and that aged releases need more attention and illumination from the Champenois

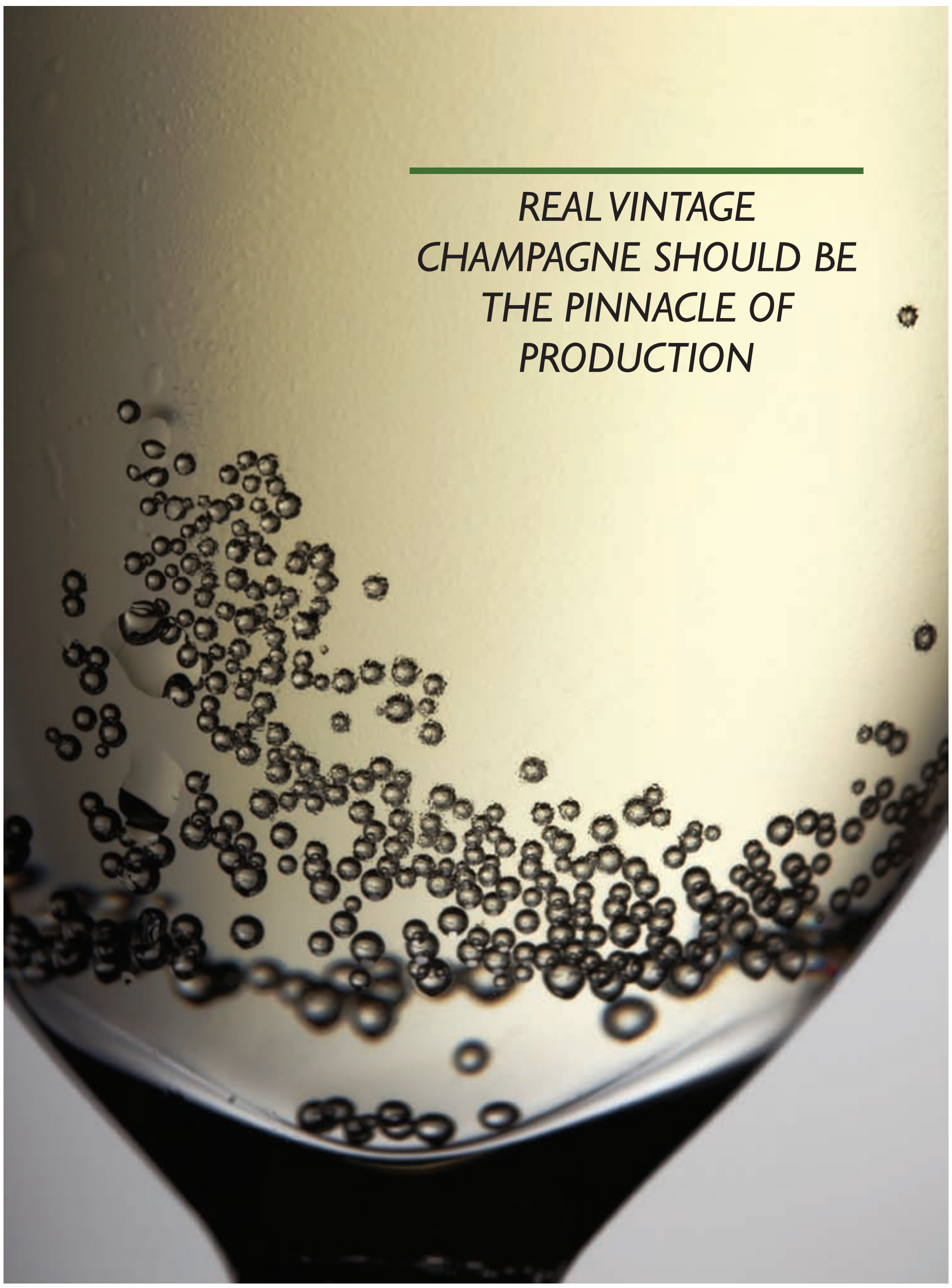
VINTAGE CHAMPAGNE, that is, Champagne which is made entirely from the grapes of one single harvest, represents only a small proportion of total production in the region; less than 8%. In 2008 the 8.5 million bottles of vintaged Champagne the Champenois exported accounted for just 6% of sales outside France. But slightly misleadingly, in its statistics the CIVC generally puts all Champagne that bears a vintage year on its label within this sector, including all the vintaged prestige cuvées (and that's most of them). These wines surely belong in another category of their own, if only because of the people who consume them. As someone from an old house in Champagne recently said to me "prestige cuvées are all drunk by gangsters, whores and pop stars". It's the image, glitz and packaging that appeals to them; they don't have much interest in the year of the harvest.

The real vintage Champagne category, I would argue, only includes brut vintage and brut vintage rosé. For seasoned visitors to and lovers of Champagne, these are the most exciting wines to try. These are the wines the winemakers want to talk about. These are the wines they taste with each other when they meet up outside the confines of the houses they work for. These are the wines they are really passionate about. If they think you are really interested



WHO IS SELLING WHICH VINTAGES?

By regulation vintage Champagne has to be aged at least three years from the January following the harvest that it comes from. This means that the youngest vintage that could be for sale in Britain today would be from 2006. In fact, the youngest vintage Champagne from a reputable producer currently being sold is 2004 – Roederer 2004 Brut Vintage Rosé for example – and many houses including Moët & Chandon, the market leader in terms of share, haven't yet released their 2002 (and Moët won't until 2010). Several notable producers of vintage Champagne including Pol Roger, Lanson, Krug, Henriot and Joseph Perrier are still selling either their 1998 or 1999 vintages. Bollinger too is only just moving on from the now beautifully developed 1999, to the rich, full-bodied and deliciously forward 2000.



REAL VINTAGE CHAMPAGNE SHOULD BE THE PINNACLE OF PRODUCTION

in Champagne they will readily open something unusual from the past, a bottle of liquid history, often getting you to try and guess the vintage.

While this is to an extent just a bit of fun, for those who see Champagne merely as a drink of celebration, as many do, it does also serve the important purpose of demonstrating that Champagne is a wine. It can keep for many years, even decades, without losing all its zip and freshness while often developing aromas and delightful nuances of complexity seen in few other white wines.

Undervalued and unexplained

However, the vintage category, or what we might call the "real vintage" category, has been undervalued by the Champenois in the past. They haven't explained clearly what it is or talked about it enough and in truth few consumers understand it. It is of course quite difficult to promote vintage Champagne generically when there are so many different vintages being sold by producers – there are currently at least six in the UK market (see box above). It's not like Bordeaux and even there they often have difficulty in agreeing on the quality of one vintage that everyone has produced and all are trying to sell at the same time.

Before the credit crunch hit there was a danger that brut vintage Champagne would be squeezed out as a category in many retail sectors by rosé non-vintage – where the imbalance between supply and demand pushed prices up unreasonably quickly – and prestige cuvées. With many houses selling their non-vintage rosé at or close to the price of their vintage wines, Champagne's marketeers were guilty of further undermining the category. Even though in nearly every case the vintage wine is made from better quality grapes and is thus more expensive to produce. And despite the extra cellaring it is given, which greatly adds to the cost. Some vintage Champagne is only initially released a decade after the harvest while you could now be drinking NV rosé made from the 2007 crop. Pink is an easier drink to explain to consumers. It's a simpler sell that requires little knowledge from the buyer. Lack of age can even be spun as a ▸

Vintage Champagne: shipments to the UK 1998-2008 (bottles)

Year	Total UK imports	All vintage Champagne (incl sec & ex brut)	Vintage as % of total shipments	Vintage brut & rosé	Vintage prestige cuvées
1998	24,389,893	1,858,771	7.62	1,544,084	307,181
1999	32,419,926	2,361,963	7.29	1,799,075	541,306
2000	20,578,553	667,129	3.24	460,346	197,042
2001	25,082,244	823,701	3.28	567,599	255,112
2002	31,690,733	1,012,452	3.19	832,028	179,479
2003	34,479,067	1,336,599	3.88	1,008,083	325,627
2004	34,936,887	1,197,943	3.43	698,194	495,669
2005	36,379,104	1,330,483	3.66	806,283	518,938
2006	36,801,215	1,374,054	3.73	858,459	509,392
2007	39,052,275	1,571,003	4.02	943,663	620,002
2008	35,984,574	1,537,560	4.27	925,585	604,388

Source: compiled by Giles Fallowfield from CIVC figures

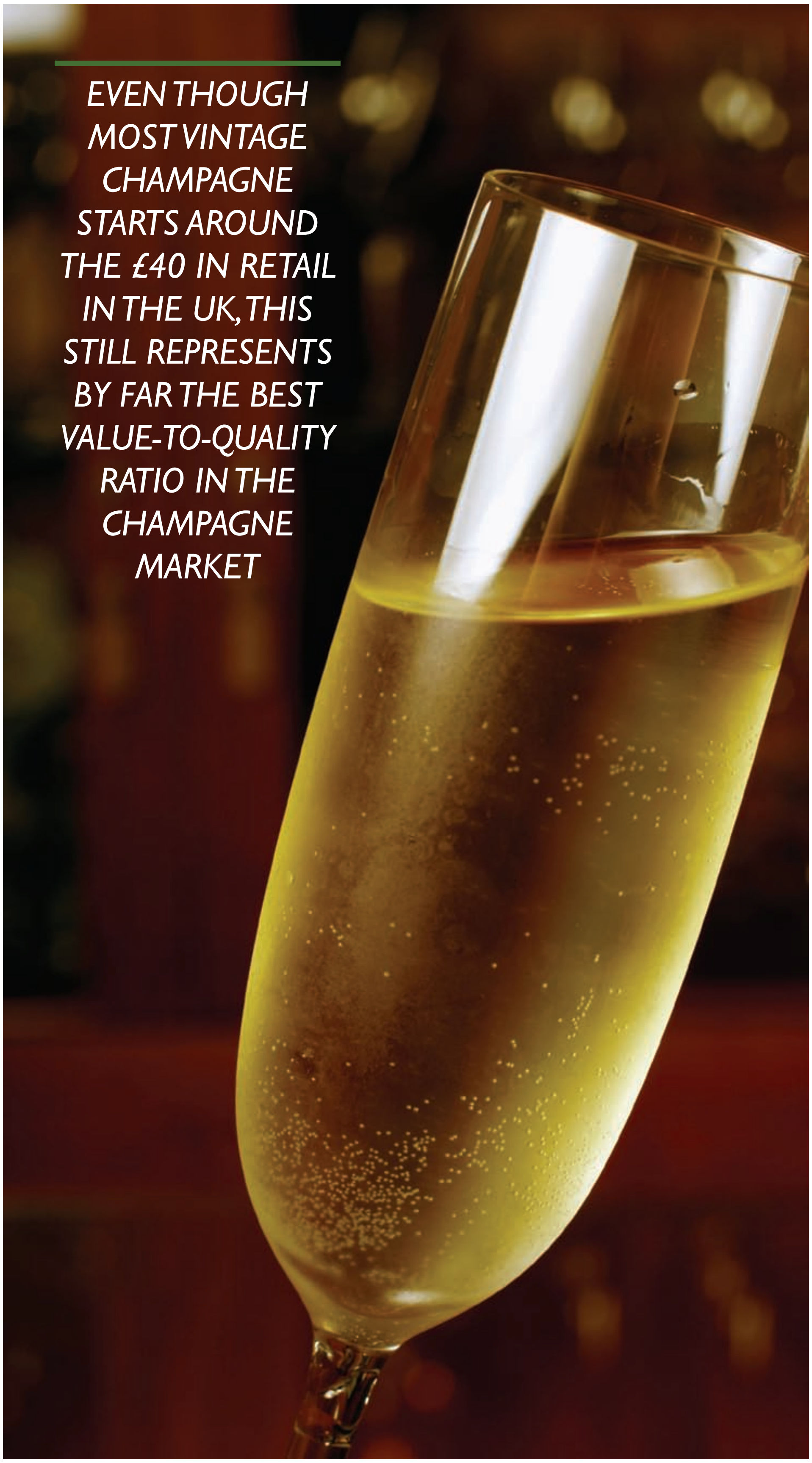
virtue – "it's very fresh and fruity" – and thus stock doesn't have to be expensively cellared for years.

However, in recession, even in the Champagne market, people are looking for better value. And non-vintage rosé is starting to look expensive for what you get in the bottle – with some honourable exceptions, although most of these could certainly not be described as inexpensive – while flashy packaging and what is often only indemonstrable marketing hype about higher quality wine makes some "prestige lines" look overly pricey.

At a time when conspicuous consumption is severely frowned on – we haven't seen too many MPs claiming for their Krug and Cristal, just for their Hobnobs – we know prestige cuvées have taken a hit in the on-trade and in several of their most important markets that's where consumption is concentrated.

Downturn

Prestige lines were already finding life more difficult in the last quarter of 2008 and the slump bought annual shipments to Japan, the leading export market for the likes of Dom Pérignon in 2007, down dramatically by 41%. Although prestige cuvée shipments to the UK barely fell in 2008, rosé did slip back by nearly 10% (see statistics box). In the first quarter of 2009 the short-term outlook looks bleaker. Shipments to European



countries were down by 38.4% and shipments outside Europe (mainly Japan and the USA, the two top markets for the "wider" vintage segment in 2007) were down 45.9% (Jan-March '09).

There is some encouraging information on vintage versus rosé prices in the latest Nielsen figures on the UK off-trade for the period to 18.04.09. Last summer the average price of each was less than 20p different at £23.50 (vintage) vs £23.34 (rosé), but by April this year vintage had opened up a gap of very nearly £2.

So how can this general downward volume trend be good news for "real vintage" Champagne? This is the big opportunity for producers and the trade to get behind vintage Champagne and to trumpet its good value and its generally very high level of quality with the fantastic 2002 vintage hitting, or about to hit, the shelves and some excellent wines from 1998, attractive 2000s, some good examples from top producers of '99 and even the odd decent, if quirky, '03 all available. And a sizeable proportion of the record volume – 375m bottles – '04 crop was vintaged so the sales teams of the major houses need to get in some practice selling vintage fizz.

Real vintage Champagne, not the often over-hyped prestige cuvée, should be the pinnacle of production which demonstrates Champagne's continuing superiority over other top sparkling wines made outside the region. But for this to happen considerably more needs to be done to explain "real vintage", to highlight its great wine-like qualities and trumpet its terrific value.

As there has been much talk about returning to "core values" and emphasising wine quality among the Champenois, this could also neatly fit in with a strategy to maintain sales during an economic recession. The Champenois don't want to just plug non-vintage where their margin is lowest, even with prices among the middle ranking brands creeping ever nearer £30 a bottle in retail. And even though most vintage Champagne starts around the £40 mark in retail in the UK, this still represents by far the best value-to-quality ratio in the Champagne market.

One of the ways this can be done is to increase the opportunities the trade and

Exports 2008: top 10 vintage consumers as % of total (bottles)

Destinations	Total Champagne	Vintage Champagne	% vintage
Qatar	118,817	90,567	76.22
Malaysia	203,824	40,517	19.88
India	246,698	46,029	18.66
South Korea	452,978	72,885	16.09
Japan	8,332,233	1,075,553	12.91
Canada	1,492,038	191,708	12.85
Hong-Kong	1,036,901	124,389	12.00
Singapore	1,236,152	148,014	11.97
United Arab Emirates	1,356,709	155,784	11.48
Ukraine	146,884	16,492	11.23

Source: compiled by Giles Fallowfield from CIVC figures

Exports 2008: top 10 vintage Champagne consumers (bottles)

Destinations	Total Champagne	Vintage Champagne	% vintage
United States	17,193,526	1,572,797	9.15
United Kingdom	35,984,574	1,537,560	4.27
Japan	8,332,233	1,075,553	12.91
Italy	9,438,811	679,266	7.20
Germany	11,573,597	401,163	3.47
Australia	3,648,022	324,202	8.89
Switzerland	5,439,009	308,996	5.68
Spain	4,090,505	236,277	5.78
Canada	1,492,038	191,708	12.85
United Arab Emirates	1,356,709	155,784	11.48

Source: compiled by Giles Fallowfield from CIVC figures

end consumers get to taste older vintages of Champagne. Until you have tasted some well-made vintage Champagne with a little bit of bottle age it is hard to see the point. To be fair the market leader Moët & Chandon has made a real effort to talk about vintage Moët very much in wine terms and at the release of its last two declared vintages – 2000 and 2003 – gave a few journalists and on-trade clients the opportunity to taste older Moët vintages going back several decades that are deemed to be similar in style to the newly released wine.

If you have the resources and the wine to take this approach it is very effective. It is effectively selling it as fine wine first and foremost, not fizz, and no one interested in fine wine can fail to be impressed by Moët 1921 (sometimes dubbed the greatest white wine vintage of that century) or at least four vintages from the 1960s. Moët is still offering some of these for sale at very good prices, bargains when compared with say notable wines from Bordeaux from the same decade.

THIS IS THE BIG OPPORTUNITY FOR PRODUCERS AND THE TRADE TO GET BEHIND VINTAGE CHAMPAGNE

Over at sister brand Veuve Clicquot, where considerable stocks of fine older vintages await a re-release under the "Rare" series, customers will have to move quickly to secure both the Pinot Noir, Burgundian style 1985 rosé and the 1988 Brut (especially the latter), selling to the trade for little over £50 a bottle. When the pair of 1989 rosé and 1990 Brut follow – two more great vintages at Clicquot – as expected in the latter part of this year – it will be interesting to see if the price has shot up. When a small group of international journalists were asked about this last year they all agreed that such wines representing the pinnacle of Clicquot production and in short supply could easily command far higher prices.

The vintage route

Other houses with a high reputation for their vintage wines have done this or something similar too. At Bollinger, where they have made La Grande Année the pinnacle of their production and started to price it as such as well, they have in RD an established route to market for older vintages and the principle has clearly worked for them. "Bollinger is made first and foremost as a wine, so we are delighted to be able to offer limited stocks of the more mature RD 1997 as well as the current vintage release Grande Année 2000," says Elizabeth Ferguson, marketing director at UK agent Mentzendorff. "Both already show abundant charm, but we believe still have a long life ahead. It's great to have these select parcels of older vintages for certain customers looking for something rarer and more esoteric."

Keen to lift its image for vintage wines after receiving good reviews for its now consistently good Brut NV, Piper Heidsieck last year relaunched Rare with the 1999 vintage together with a 1998 in magnum plus two older re-releases from the celebrated 1988 and 1979 vintages. Distributed since the start of April by First Drinks, Victor Lanson, marketing controller for Champagnes, will be targeting the on-trade with renewed vigour, he says, and expects to increase sales of the excellent Charles Heidsieck vintage, currently 2000, too.

Pol Roger is another house where vintage accounts for a high proportion of sales and the UK is one of its most important markets. "While globally vintage [real vintage] represents about 2% of sales, for us it's about 18% and a very important part of our business in the UK," says managing director Nick James. "In the on-trade a glass of vintage is just that little bit more special at only a fractionally higher price. We don't release the vintage until its ready and our wines are very long-lived. Good value doesn't have to mean cheap, its quality people are looking for and Pol delivers on that front." **db**