

A photograph of a woman with long dark hair, smiling, pouring sparkling wine from a dark bottle into a flute glass. Another person in a yellow shirt is visible in the background. The scene is outdoors, possibly at a beach or festival, with warm lighting.

Sparkling consumers find reasons to pop the pandemic cork

Despite being hit early in the pandemic, sparkling wine is proving resilient, writes Laurie Wespes, CEO of Snooper.

According to GlobalData, sparkling wine is likely to play a role in the growth of the Australian wine market through to 2024, with a forecast CAGR of 2.7 per cent versus total wine at 2.4 per cent.

The COVID-19 pandemic has obviously temporarily put a dent in sparkling wine sales, with various segments' global sales volumes in 2020 down between eight per cent and 18 per cent versus 2019, according to IWSR. Hardest hit have been Champagne, down 18 per cent, and Cava DO, down 14 per cent versus an eight per cent fall for total sparkling wine and seven per cent for Prosecco DOC.

However these sales reductions are

substantially less than originally forecast, and the sparkling wine category is predicted to be one of the most resilient, bouncing back as consumers return to the on-premise, to socialising and to celebrating. Prosecco is notably expected to play a key role in the market growth and has actually held up, and even enjoyed growth in some key global markets during 2020, tapping into its fit for more casual drinking occasions, versus Champagne's typically social celebratory occasion skews.

Festive season opportunities

The increase in COVID vaccination rates and anticipated associated easing of

lockdown restrictions happily coincides with the festive season and its associated get-togethers and celebrations. Given that more than a third of sparkling and carbonated wine sales by volume in Australia occur in the October to December quarter, there are a number of opportunities for retailers to leverage the natural re-growth of sparklings.

Encouraging premiumisation

Whilst sales volume of sparkling wines initially dropped, spend per transaction increased as consumers looked to treat themselves (in the absence of other things to spend their money on). IRI Australia MAT figures to 27 December 2020 show a 15.4 per

cent growth in sparkling sales value, and that premium domestic sparkling sales grew by 20 per cent in the latest quarter compared to five per cent over the same period last year.

Premiumisation is evident in fridge space. Snooper's Sparkling Research in January this year indicated that there rightly was more space allocated to the sparkling category during the festive season. In Cellarbrations, for instance, nearly two thirds of stores had more than 10 fridge facings of sparkling wines, with top brands driving the growth at the premium end being Grant Burge and Chandon.

This appears to be following a longer term trend. Treasury Wine Estate's Marketing and Category Director ANZ, Ben Culligan, notes that over the past decade the Australian sparkling category spend per transaction has shifted from \$10 to premium and luxury price points.

Gifting

Perhaps an obvious finding, Champagne and sparklings have a long history as a staple of celebratory occasions and gifting. Snooper's Sparkling Research from March/April 2021 indicated that 63 per cent of shoppers planned to buy gifts for Easter, with sparkling wine being the second most popular category after wine, a similar position on the podium as at Christmas.

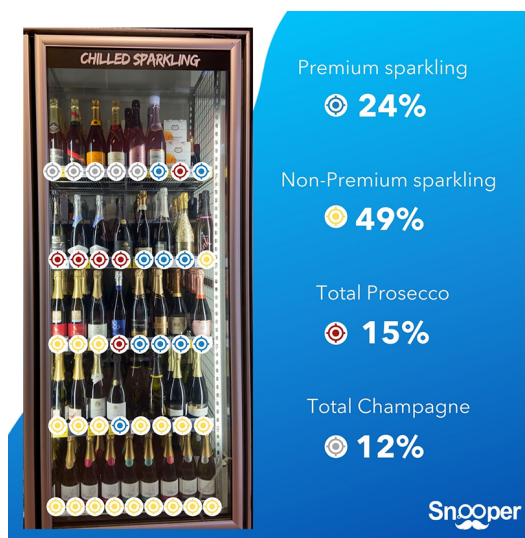
Given the premiumisation trend discussed above, there is an opportunity to encourage consumer uptrade by promoting premium and luxury SKUs in gift boxes or festive packaging.

Category management

Snooper's 'How to win during key selling weeks' report - looking at category and brand share of displays - indicated a tripling of sparkling wine's share of displays from November to January 2021, at 18 per cent, versus its six per cent share in September. Given both the gifting and celebratory occasions associated with the category, sparkling wine displays in the October to December quarter need to be maximised.

Looking at space allocation, Snooper's sparkling research in May 2021 indicated that around 30 per cent of total wine space was devoted to sparkling, although there are obviously variations by banner.

In Australia, Australian sparkling contributes 56



per cent of total sparkling value sales (and grew at 7.2 per cent in retail sales value versus prior year), followed by French sparkling (36 per cent) and Italian (five per cent). Within Australian sparkling, the growth is driven by Prosecco, sparkling rosé, sparkling white and in particular Blanc de Blancs.

So in theory, space allocations should be made to suit. However, Snooper's May research indicated that whilst sparkling white is the dominant segment with 45 per cent of total space on average, followed by Prosecco and Champagne sharing an equivalent amount of space, Blanc de Blanc, Prosecco spritz and Prosecco rosé together only accounted for less than five per cent of space.

Some stores are also clearly allocating a large share of space to non-premium sparkling white. This clearly indicates an opportunity to track share of space by varietal and price points to then face up, or over-face, Prosecco and Blanc de Blanc SKUs relative to their share of category and growth contribution.

As consumers look to socialise and celebrate relative freedoms over the coming festive season, brands and retailers can look to increase both transaction value and volume of sparkling wines with smart displays, shelf and fridge space allocations, and promotion mechanics aimed at both average weight of purchase and spend through premiumisation. ■

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