

THE STATE OF PLAY OF
CHAMPAGNE
IN AUSTRALIA 2018

Tyson Stelzer



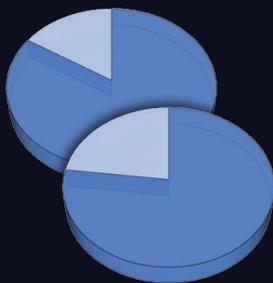


13 REASONS WHY 2017 WAS AUSTRALIA'S BEST CHAMPAGNE YEAR EVER

ALL-TIME
RECORD
8.53 MILLION
BOTTLES IMPORTED



RECORD
114 HOUSES
119 GROWERS
& 14 CO-OPS
IMPORTED

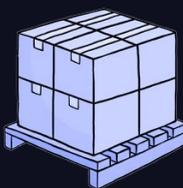


UP 16%
BY VOLUME
AND 23%
BY VALUE
ON 2016



RECORD
PRESTIGE
IMPORTS
ALMOST
3X 2016

FASTEST
GROWING
OF CHAMPAGNE'S
TOP 10 MARKETS
BY BOTH
VOLUME
& VALUE



6TH LARGEST
MARKET
IN PROPORTION OF
PRESTIGE
IMPORTS





UNPRECEDENTED
SHIPMENTS OF
**VINTAGE
CUVÉES**
UP 55.9% ON 2016



IMPORTS GREW
**ALMOST
10-FOLD**
SINCE 2001

EQUAL 1ST
AMONG TOP MARKETS
FOR PROPORTION OF
**VINTAGE
CUVÉES**



AUSTRALIA REMAINS
**THE WORLD'S
7TH LARGEST**
CHAMPAGNE MARKET



HIGHEST
ROSÉ IMPORTS
IN A DECADE



LARGEST
CONSUMPTION
PER HEAD
OUTSIDE EUROPE

AUSTRALIA SINGLED OUT
ALONGSIDE USA & JAPAN
BY COMITÉ CHAMPAGNE
AS A KEY DRIVER OF
EXPORT GROWTH



A dramatic year of fundamental change.

In years to come we will look back on the past year as a dramatic watershed for champagne in Australia. We have witnessed a fundamental shift: never before has our champagne drinking evolved so far, so fast. Australia has transformed into one of the most important and dynamic champagne markets on earth, stepping into a lead role in the global balance of champagne.

Welcome to my fifth annual report on the state of champagne in Australia and across the globe. I commenced my fourth report last year by proposing that developments were at hand that were changing the face of champagne in Australia, and that all the signs suggested that this was just the beginning. My, how dramatically things have evolved this year! Read on: these 32 pages represent the most comprehensive report I have ever penned on a year in the life of the champagne world.

Australia pops new champagne record.

Australia's thirst for champagne seemingly knows no bounds, and after fifteen years of strong growth, 2017 has hit a new high as a record-smashing year for champagne consumption down under.

An all-time record 8.53 million bottles were popped in 2017, a huge 16% up on 2016. The explosion in ex-cellar value was larger still, mushrooming 23% to a record €131.7M, all the more remarkable against the least favourable exchange rate since 2009.

This unprecedented growth positioned Australia as the fastest-growing of champagne's top ten markets by both volume and value in 2017.

The past year also saw a rise in the diversity of champagne available in Australia, with a record 114 champagne houses, 119 growers and 14 coöperatives imported.



A market notoriously dominated by entry-level non-vintage cuvées, 2017 saw an explosion in prestige cuvées to an all-time record, almost three times that of 2016, unprecedented shipments of vintage cuvées, 55.9% up on 2016, and a marked rise in rosé imports to their highest level in a decade.

This shot Australia to equal first place among the world's top markets for its proportion of vintage cuvée imports and the sixth largest export market in proportion of prestige.

Australia confidently holds its position as the world's seventh largest champagne market, boasting the biggest consumption per head of population outside Europe. Since 2001, Australia's champagne imports have grown almost ten-fold.

This unprecedented growth led Australia to be singled out by the Comité Champagne in 2017, alongside the United States and Japan, as a key driver of champagne export growth.

Australia is riding a 16-year long champagne high. With maturing palates and a rising spend per bottle, champagne is no longer a special occasion luxury but an everyday indulgence.

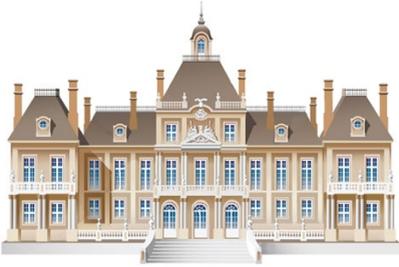
There is certainly much to celebrate, but we should be cautious not to read Australia's meteoric growth in champagne imports in 2017 on face value. The Comité Champagne suggested that 2016 represented a temporary slowdown in Australia's decade-long champagne growth, but I have a different take on this.

The champagne figures presented here represent shipments, not consumption, and there is something of a "pipeline filling" effect at play. A sharp rise in imports in 2015 overstocked Australia's champagne warehouses, corrected by a decline in 2016, and in turn compensated in 2017. Australia's 2017 import figures were consistent with its long-term annual average growth of 15% since 2001.



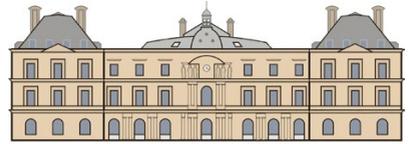
Louis Roederer press house in Ay, harvest 2017
Tyson Stelzer photography

OF CHAMPAGNE'S TOP TEN MARKETS IN 2017, AUSTRALIA:



IS DOMINATED MORE BY
CHAMPAGNE HOUSES
THAN ANY OTHER

**IMPORTS LESS
GROWER CHAMPAGNES**
BY VOLUME THAN ANY OTHER



**IMPORTS LESS
COOPÉRATIVE CHAMPAGNES**
BY VOLUME THAN ANY OTHER
EXCEPT THE UK



IMPORTS THE SMALLEST
NUMBER OF HOUSES

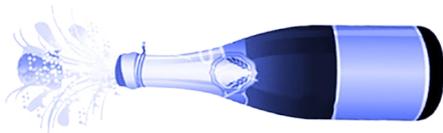
IMPORTS THE
SMALLEST
NUMBER OF
GROWERS



IS DOMINATED BY
NON-VINTAGE CHAMPAGNE
MORE THAN ANY OTHER
BESIDES BELGIUM



IMPORTS THE SMALLEST
NUMBER OF COOPÉRATIVES



RANKS LOWEST IN
ROSÉ IMPORTS



HAS ONE OF
THE LOWEST
AVERAGE
SPENDS
PER BOTTLE

RANKS AROUND THE MIDDLE IN
PRESTIGE IMPORTS



Not all is sparkling.

Australia's record-smashing champagne spree of 2017 presented more reasons to pop a cork to celebrate than ever before. But when we peel back the layers and consider Australia's champagne drinking patterns in the context of every other top ten champagne market globally, a far more sobering picture emerges.

Of Champagne's top ten markets in 2017, Australia:

- is dominated more by champagne houses than any other
- imports less grower champagnes by volume than any other
- imports less coopérative champagnes by volume than any other (except the UK)
- imports the smallest number of houses
- imports the smallest number of growers
- imports the smallest number of coopératives
- is dominated by non-vintage champagne more than any other (except Belgium)
- ranks lowest in rosé imports
- ranks around the middle of Champagne's top markets in prestige imports
- has one of the lowest average spends per bottle

Australia still has a long way to go to catch up with other top champagne markets. It's time Australia embraced the grand diversity of champagne by trading up from entry, large house non-vintage cuvées to discover vintage, rosé, prestige, growers and coopératives.

In 2016 we saw the first encouraging signs that the tide was starting to turn. In 2017 the wave of champagne diversity in Australia began to gather momentum. Now's the time to get on board.

Australia's unique position in the champagne world

38% of Australia's adult population consumes champagne

Of these, 27% consume at least once per month

20% of Australia's champagne consumers have increased their consumption since 2016

35% of Australia's champagne consumers are under 34 years of age

35% are between 35 and 54

30% are over 55



Sermiers, harvest 2017
Tyson Stelzer photography

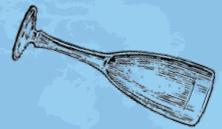
CHAMPAGNE GLOBALLY 2017



**RECORD
HIGHEST EVER
TURNOVER
€4.9 BILLION**



FRENCH, UK & EURO
SALES DECLINE BY
2.5%, 11% & 1.3%



USA, JAPAN & AUS
ACCOUNT FOR
95% OF VALUE GAINS



EXPORTS UP
OUTSIDE EUROPE NOW
25.1% BY VOLUME
& 31.6% BY VALUE

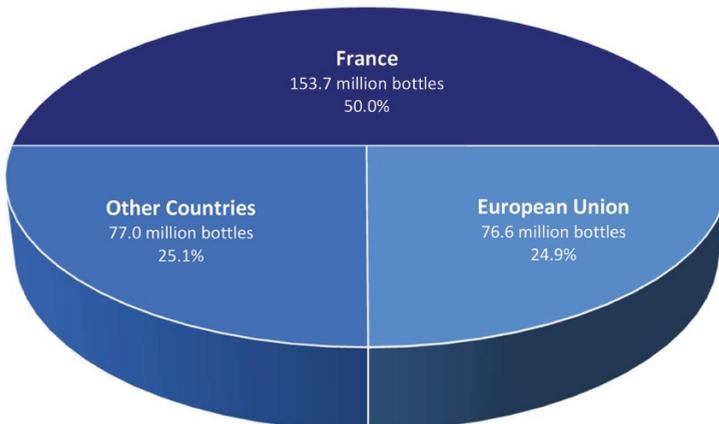
**EXPORTS MATCH
FRENCH SALES
FOR THE 1ST TIME**



RECORD
EXPORT VALUES OF
ROSÉS, PRESTIGE,
DEMI-SEC, EXTRA
BRUT & BRUT NATURE



CHAMPAGNE SHIPMENTS 2017



EXPORTS OUTSIDE
EUROPE UP 9%
EXCEEDING
EXPORTS WITHIN EUROPE
FOR THE 1ST TIME

Global milestone.

2017 marked a milestone turning point for the global balance of champagne sales, and Australia stepped in as a key player.

For the first time in history, champagne exports grew to match French sales. Fifteen year ago, exports represented barely more than one-third of the region's production.

The true champagne export figures are actually even stronger again, since the official numbers do not account for sales to international tourists, nor countless boot loads driven across French borders daily!

FRANCE HAS LOST ITS BUBBLE

In 2017, French sales were down 2.5% to 153.7 million bottles, a decline stronger than expected due to a disappointing December.

This was predominantly the result of a domestic drop in discount champagnes. Promotional pressure has declined as price wars between brands have let up, diminishing the discount sector by 1.2 million bottles. Refreshingly, sub-€12 champagne now represents less than 10% of supermarket sales. Demanding French consumers are drinking less but seeking better quality, driving the average bottle above €20.

THE BUBBLE HAS BURST IN THE UK AND EUROPEAN UNION

As the grip of Brexit tightened in 2017, the United Kingdom saw a sharp decline for the second consecutive year, with champagne shipments down a significant 11.0% by volume and 5.7% by value. Meanwhile, European Union countries were down 1.3%, importing just 76.6 million bottles.



Pinot noir and meunier presented some growers with more rot in the 2017 harvest than they have ever seen.
Tyson Stelzer photography



An impeccable 2017 chardonnay harvest in Jardin de Salon.
Tyson Stelzer photography

AUSTRALIA, USA AND JAPAN TO THE RESCUE

These sharp declines in France, the UK and European Union were more than made up for by the rest of the world with an increase of nearly 9% to 77 million bottles, an export record described by the Comité Champagne as nothing short of ‘remarkable’. It’s thanks to these exports that champagne ultimately came out ahead in 2017, in spite of its significant downfall in Europe, with total sales of 307.3 million bottles, up 0.4% on 2016.

In 2017, Champagne achieved its record highest ever turnover of €4.9 billion, up 3.5% on 2016, thanks primarily to a rise in exports of 6.6% to €2.8 billion, and also in part to an increasing value per bottle as discounting decreased across top European markets.

In its introduction to its champagne exports report, the Comité Champagne singled out Australia alongside the United States, Japan, Italy and the Chinese world as the key contributors to this growth, adding that this is driven particularly by the increased diversity of champagne shipments.

'Compared with 2016 when turnover growth was driven by the diversification of cuvées, markets where Champagne enjoys a high level of valorisation have delivered strong returns, explaining the new record set in 2017 thanks in particular to the United States, Japan and Australia,' said Comité Champagne Director of Communication, Thibaut Le Mailloux.

In 2017, Japan overtook Germany for the first time in history to become the world's fourth largest champagne market.

Champagne exports outside of Europe grew 8.7% by volume and 9.3% by value in 2017. The top three markets of the United States, Japan and Australia together accounted for an incredible 71% of the volume gains and 95% of the value.

For the first time, countries outside the European Union have exceeded the champagne shipments of those within (excluding France), with a 25.1% share of champagne by volume. Just over 50% of champagne is now shipped to France, just under 25% to other European Union countries and just over 25% to the rest of the world. By value, the rest of the world is even further ahead, since France consumes 42.6% of champagne's turnover, other European Union countries 25.8% and the rest of the world an impressive 31.6%.

2017 set new records in the value of exports of champagne rosés, prestige cuvées, demi-sec, extra brut and brut nature. In particular, exports to countries outside of the European Union displayed greater diversity than ever.

Champagne accounts for the second highest exports turnover of France's wine and spirits industry (22% of value) behind Cognac (24%) and ahead of Bordeaux (15%).

2019 and beyond.

While Australians are indulging in more champagne than ever before, there is much work still to be done in introducing the full diversity of styles that Champagne has to offer.

Champagne houses comprise more than 96% of Australian champagne consumption, leaving just 1.6% to growers and the same to coopératives. The five biggest houses dominate more than 75% of the market. Australia's interest in the wonderful diversity of champagne is beginning to slowly mature, and this will continue and grow in the coming years.

The category poised for the most dramatic growth in Australia is rosé. Following the lead especially of Europe, the US and Japan, the explosion in still rosé sales in recent years has been revolutionary. Even after steady rises over the past four years, Australia consumes just one-third of the champagne rosé of other top markets, so expect pink sales to continue to blossom, albeit moderated by price sensitivity.

The Comité Champagne concluded its 2017 export report, 'The conditions are in place for the continuation of Australia's growth in 2018.'

Taste Champagne.

Over the past five years, my Taste Champagne event series has grown to become the largest champagne showcase on earth. I have created this series of trade, media and public tastings to champion the full diversity of champagne – houses, growers, coopératives, non-vintage, vintage, rosé and prestige.

This year, I am proud to announce a record 14 events across Sydney, Melbourne, Brisbane, Perth, Canberra, Adelaide and Hong Kong, featuring a record 52 négociant houses, 24 growers and 4 coopératives. I invite you to join me on this odyssey to discover the grand diversity of Champagne!





Jardin de Salon, harvest 2017
Tyson Stelzer photography

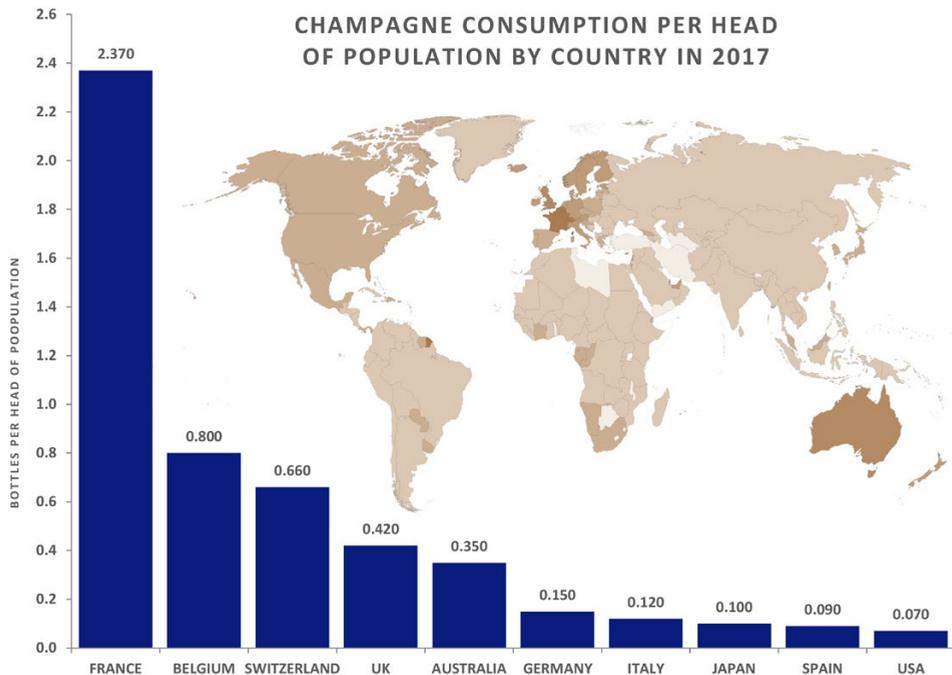
Champagne's Top Ten Markets

Australia holds its position as the seventh largest champagne market on earth, with more than 8.5 million bottles landing in 2017. As France, the UK and Germany suffer decline, the USA, Japan and Australia enjoy steady growth.



Remarkable Consumption

Australia confidently holds its place as the fifth largest champagne market per head of population, and the only country outside Europe in the top seven, bridging the gap with France, Belgium, Switzerland and the UK.



Champagne High Down Under

Australia's 2017 champagne imports hit an all-time record of 8.53 million bottles, continuing a 16-year long champagne high, and we should be careful to read the rise in imports in this context, not on meteoric year-on-year percentage growth. The Comité Champagne suggested that 2016 represented a temporary slowdown in Australia's long-term champagne growth, but it's not quite that simple.

These figures represent shipments, not consumption, and there is something of a "pipeline filling" effect at play. An exceptional imports record in 2015 overstocked Australia's champagne warehouses, corrected by a decline in 2016, and in turn compensated in 2017. Australia's 2017 import figures were consistent with its long-term annual average growth of 15% since 2001.

These figures perfectly fit Australia's buoyant growth curve, popping an average of 700,000 more bottles every year since 2009. These results confirm the growing trend of Australian drinkers turning away from beer and cheap sparkling wine in favour of more premium cuvées from Champagne.



Statistics compiled by Tyson Stelzer, largely from data presented in *Les Expéditions de Vins de Champagne en 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009 and 2008, Comité Champagne.*

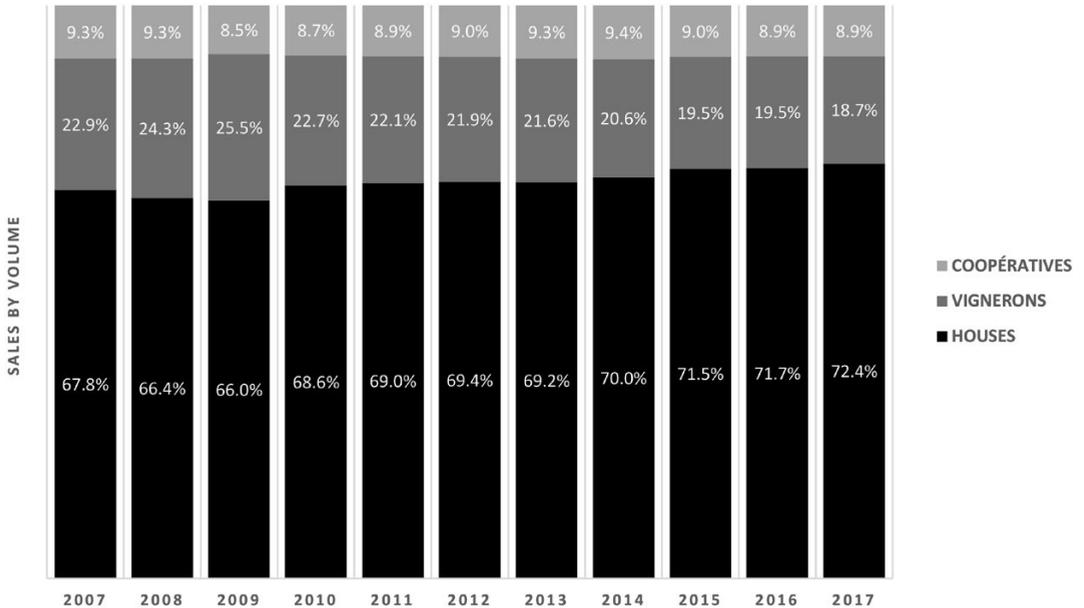
Champagne Houses, Growers and Coopératives

Over the past decade, sales by volume by champagne houses have grown 3.8%, growers have dropped by a devastating 26.9% and coopératives have declined by 8.2% as Champagne moves toward a steadily increasing dominance by its houses.

In 2017, houses shipped 72.4% of the volume and 77.3% of the value of champagne, growers 18% of volume and 15.3% of value, the remaining 8.9% and 7.4% respectively accounted for by coopératives.

2017 saw grower sales decline to 57.4 million bottles, down 3.7% on 2016, for a value of €744.8 million, down 1.6%. The long-term trend is even more revealing, as just a decade ago in 2008, growers sold 78.5 million bottles, almost one-quarter of all champagne sales.

THE CHANGING BALANCE OF CHAMPAGNE

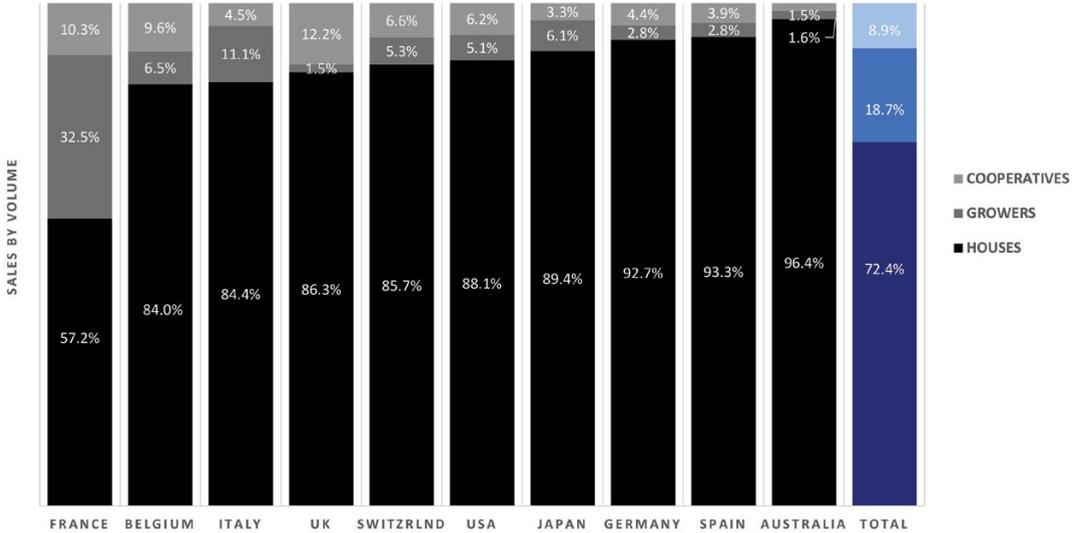


Sacy, harvest 2017
Tyson Stelzer photography

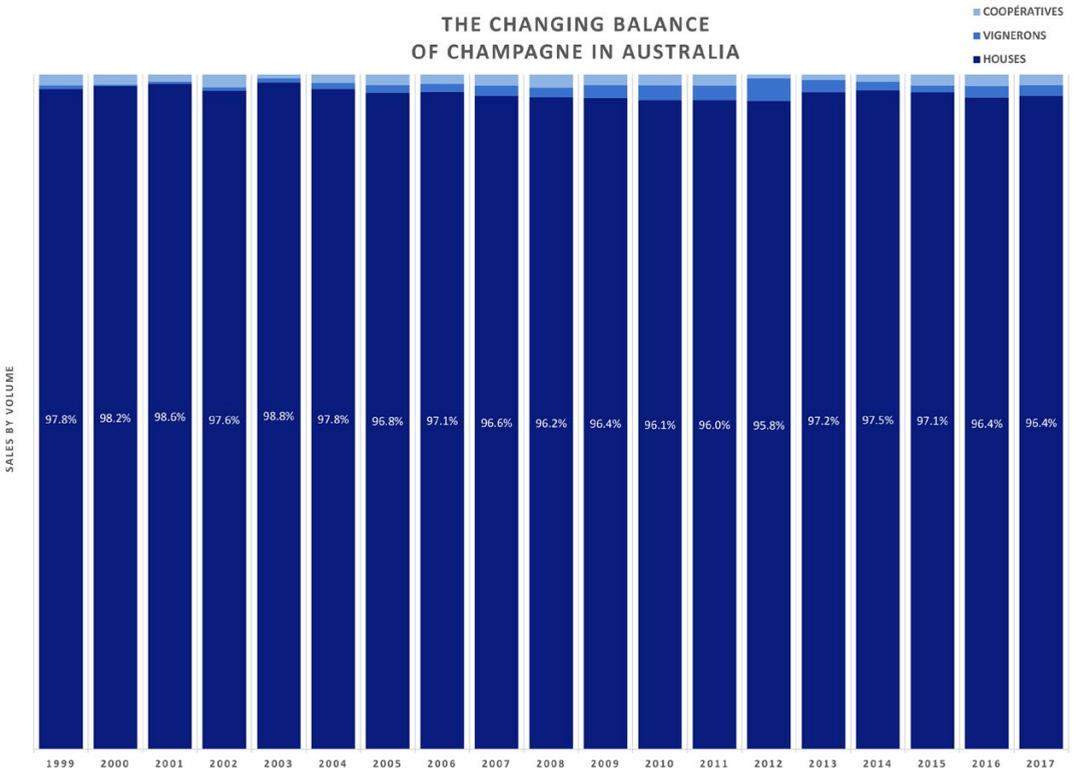
The Grower Crisis

Of Champagne's top ten markets, Australia is dominated more by champagne houses than any other, with market share by volume for champagne growers and cooperatives each dropping to just 1.6% in 2017, compared with 18.7% and 8.9% respectively globally. This places Australia second lowest for grower imports and lowest for cooperative imports among Champagne's biggest markets. This means, of every 25 bottles of champagne sold in Australia in 2017, 24 were from champagne houses. Globally, it's 18 in 25.

CHAMPAGNE SALES BY CATEGORY IN 2017

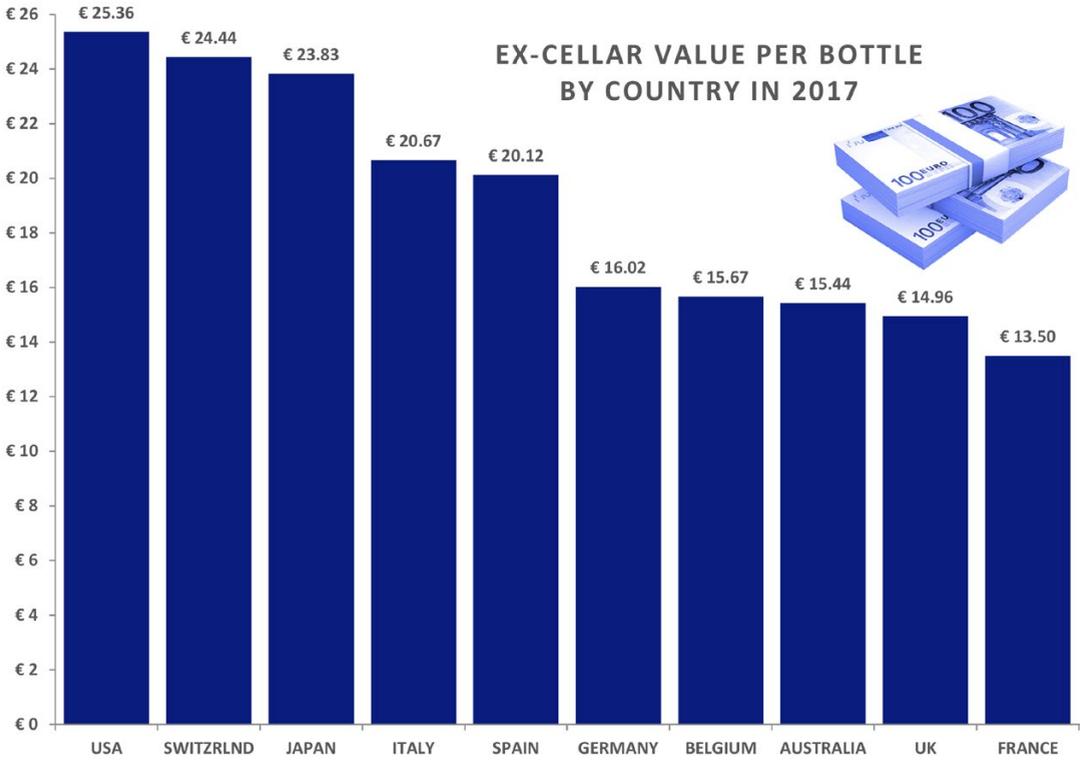


THE CHANGING BALANCE OF CHAMPAGNE IN AUSTRALIA



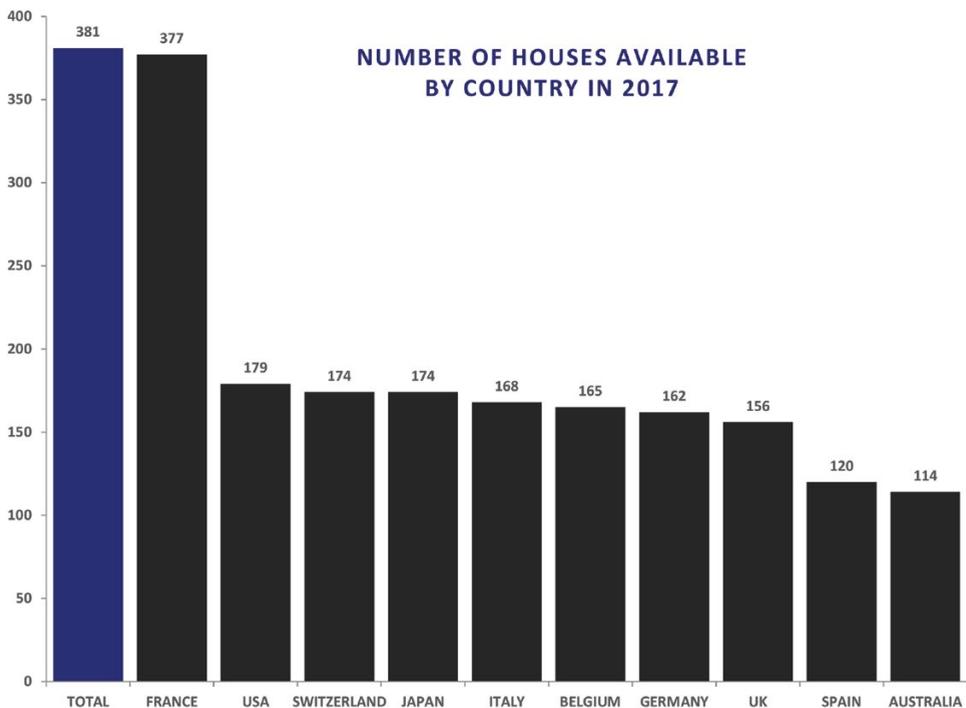
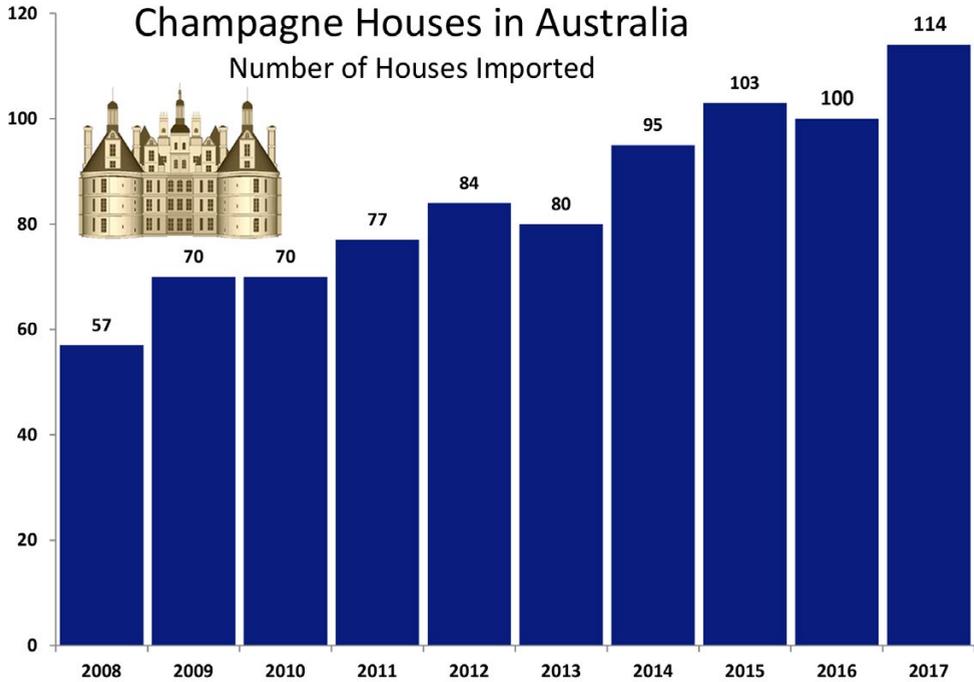
Diminishing values

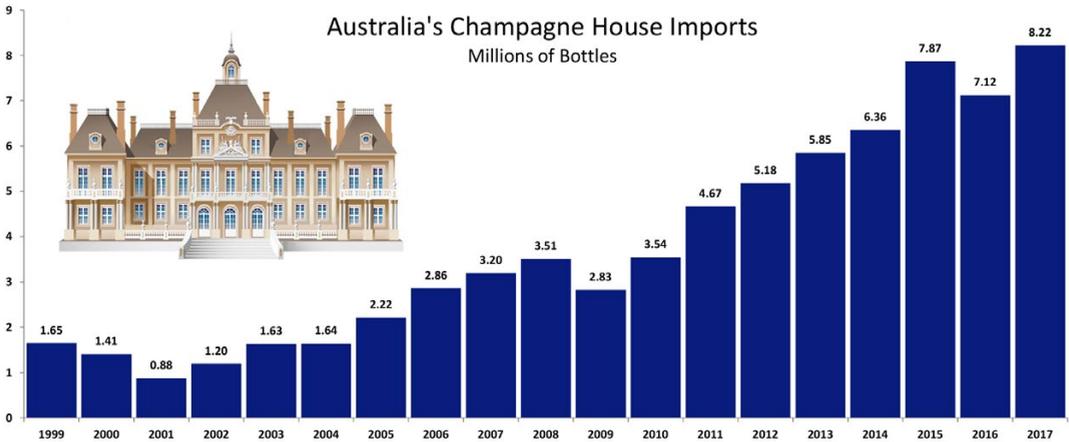
Of Champagne's top ten markets, Australia's average spend per bottle remains among the lowest, though a rise of almost a full Euro and 6.5% on 2016 made for the highest average ex-cellar value since 2010.



Limited house diversity

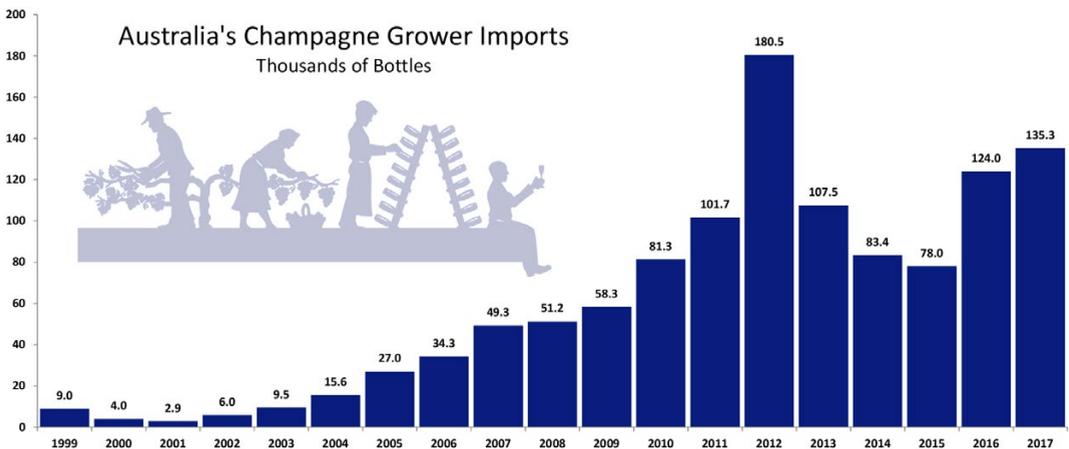
Of Champagne's top ten markets, Australia imports the smallest number of houses, just 114 of a total of 381 houses. But there is encouraging growth here, as this figure represents an all-time record, a rise of 14 on 2016, and precisely double the number of houses of a decade ago. Even still, Australian consumers have access to less than two-thirds of the range of champagne houses offered by other equivalent-sized markets.





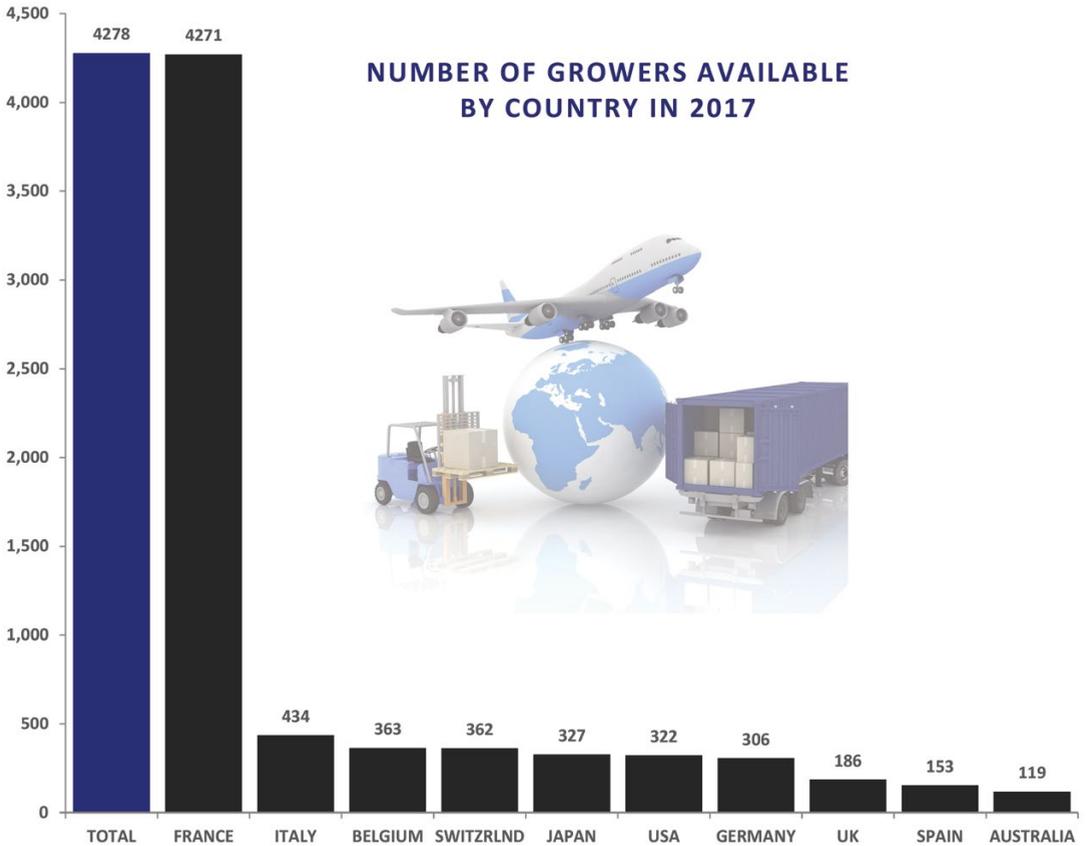
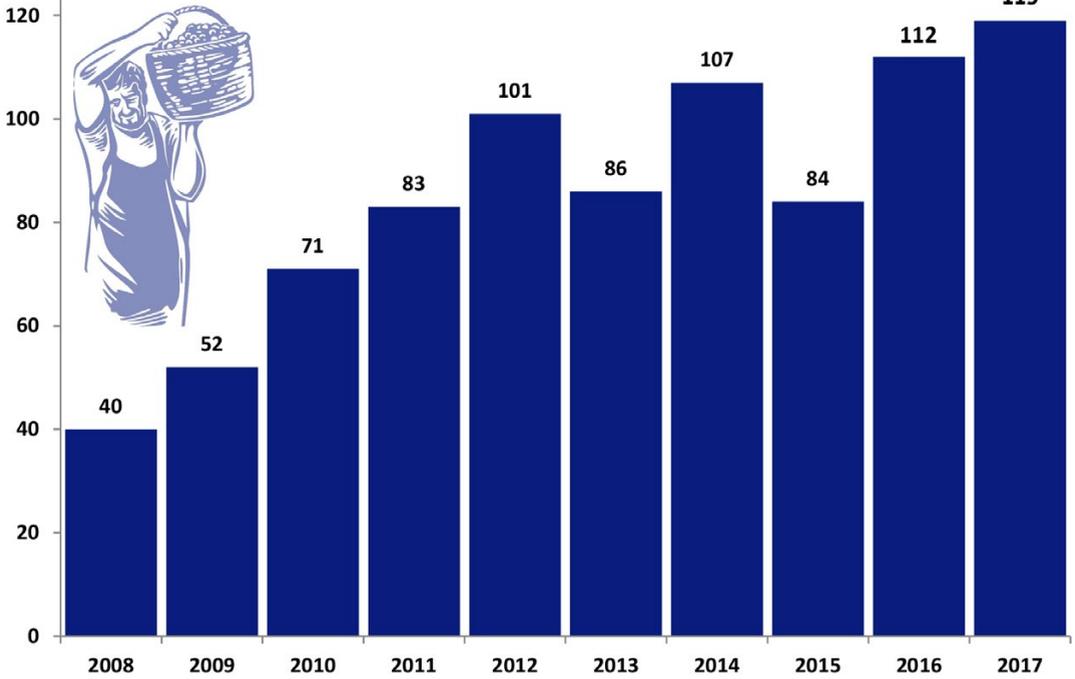
Limited grower diversity

Of Champagne's top ten markets, Australia imported the smallest number of growers in 2017, just 119 of a total of 4,278. The number of growers available in Australia is less than one-third that of equivalent-sized markets. Italy imports less champagne than Australia, yet enjoys access to 434 growers. But the signs are promising: 119 represents the record number of champagne growers imported into Australia, representing three-fold growth over a decade and more than 40% in the past two years. Australia's importers are discerning, and those growers that do find their way down under largely represent the best of this dynamic and enthralling category of champagne.



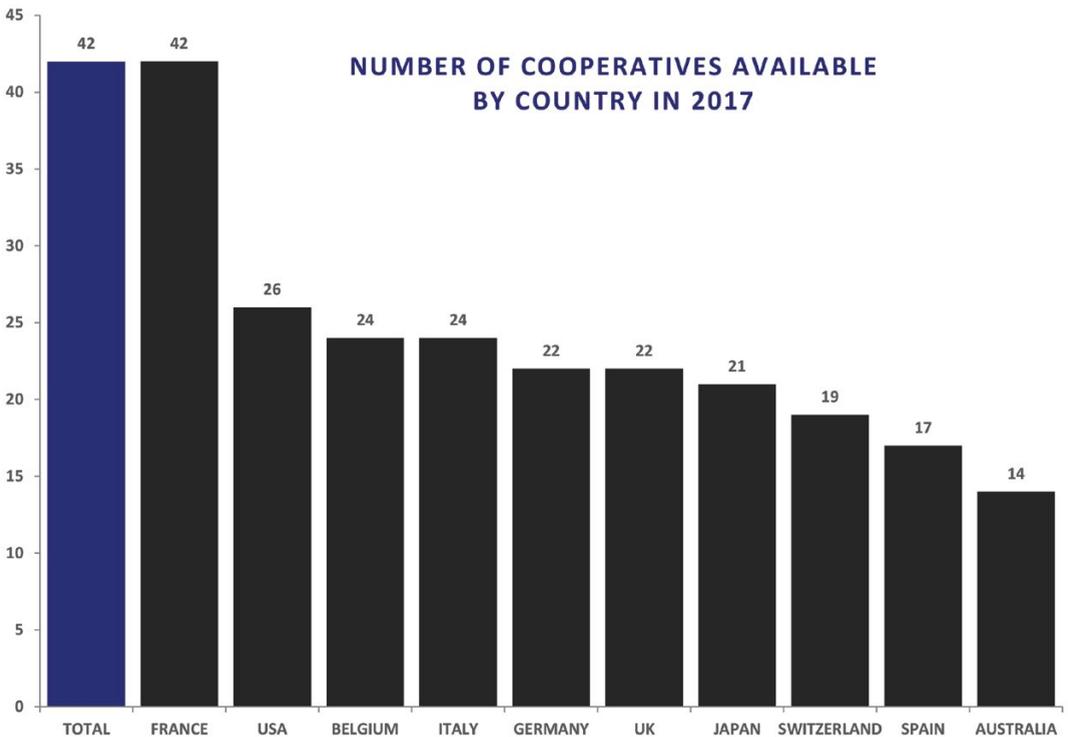
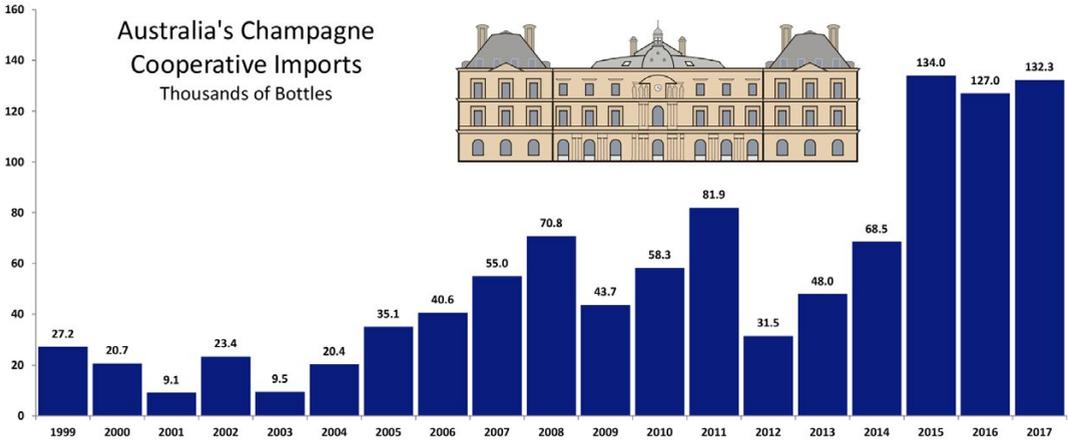
Champagne Growers in Australia

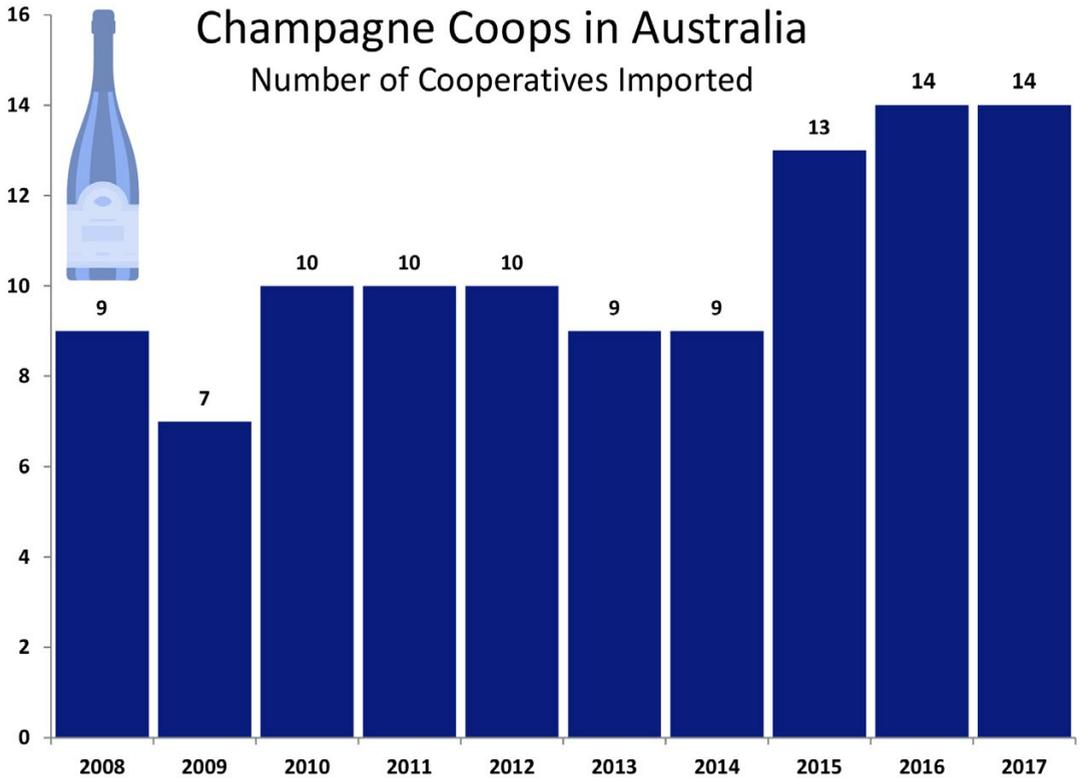
Number of Growers Imported



Limited coopérative diversity

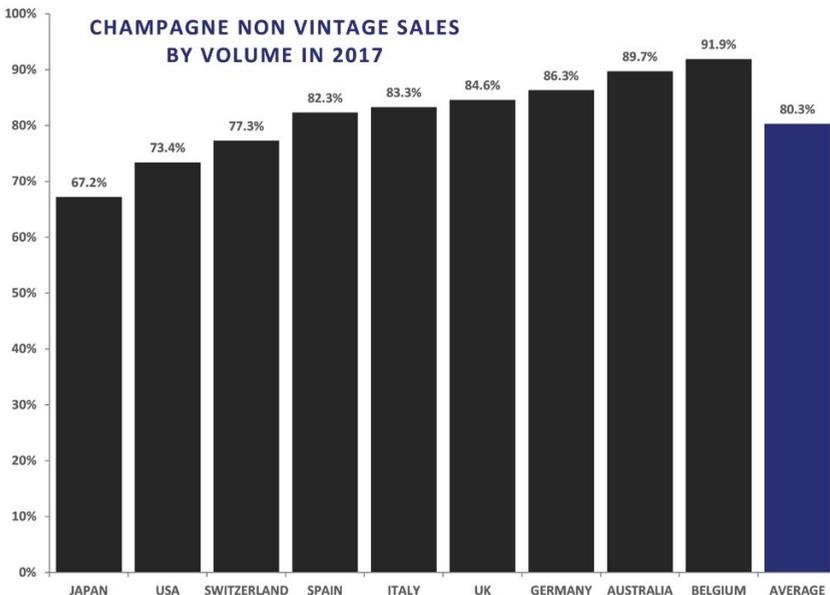
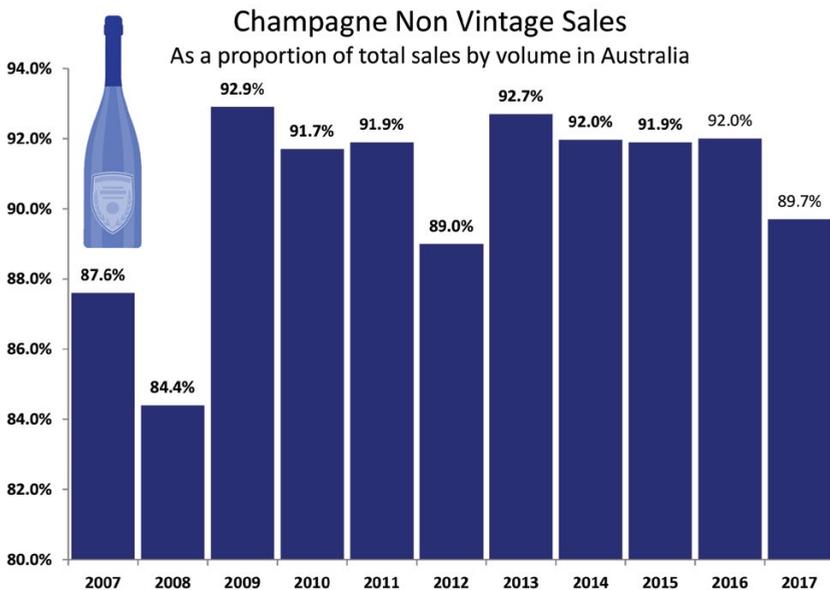
Of Champagne's top ten markets, Australia imported the smallest number of coopératives in 2017, just 14 of a total of 42. Champagne lovers in Australia have access to less than two-thirds the diversity of champagne coopératives available in other equivalent-sized markets. 14 represents the equal record number of coopératives ever imported into Australia. Coöperatives also registered the second-highest imports in history by volume in 2017, narrowly behind the record year of 2015, and continue to outsell grower champagnes in Australia.





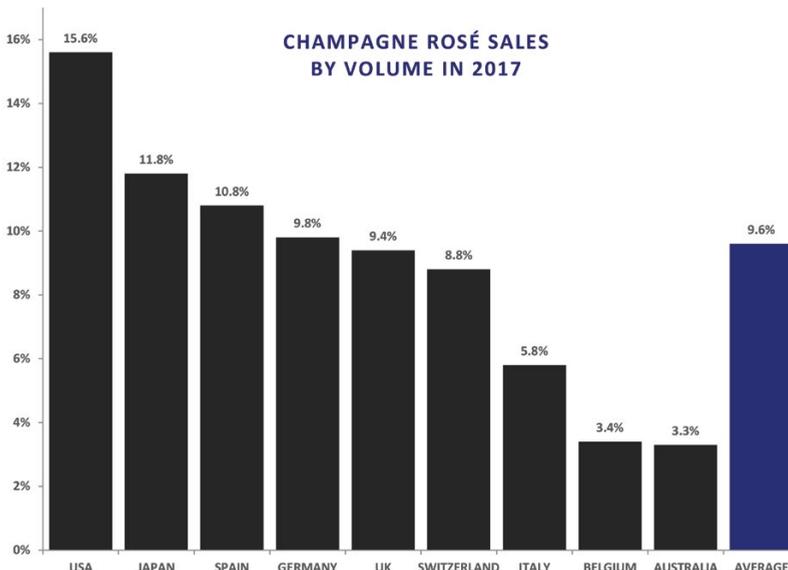
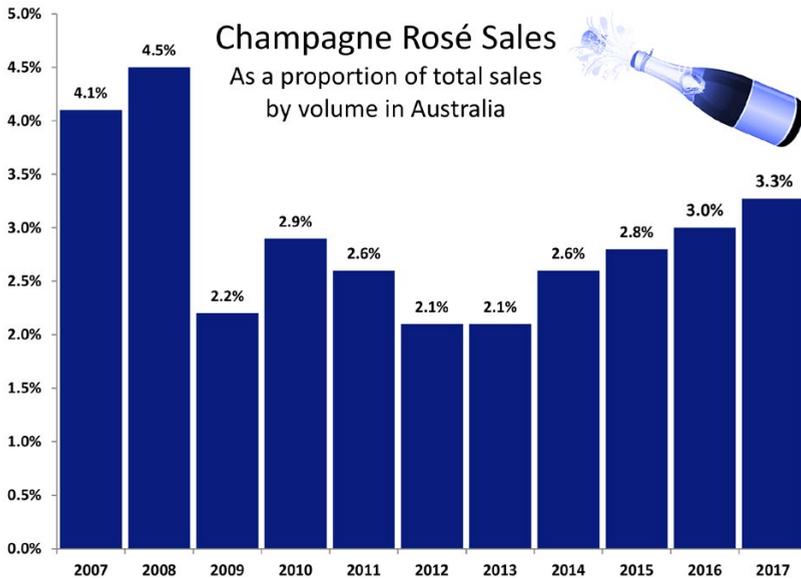
Non-vintage obsession

Of Champagne's top ten markets, Australia is dominated by non-vintage champagne more than any other besides Belgium. For every 25 bottles of champagne sold in Australia, more than 22 are non-vintage. On average across all markets, it's just 20 in 25. In Japan, fewer than 17. Australia's non-vintage obsession subsided for the first time in four years in 2017, hitting the second-lowest level in a decade. These figures do not account for parallel imports, which are likely to inflate Australia's non-vintage champagne consumption slightly, since grey imports of entry non-vintages are common in Australia. Australia's phenomenal growth in champagne consumption over the past decade has been fuelled almost entirely by champagne house non-vintage cuvées and it's encouraging to see the market now beginning to embrace the wonderful diversity of champagne and discover vintage, rosé, prestige, growers and cooperatives.



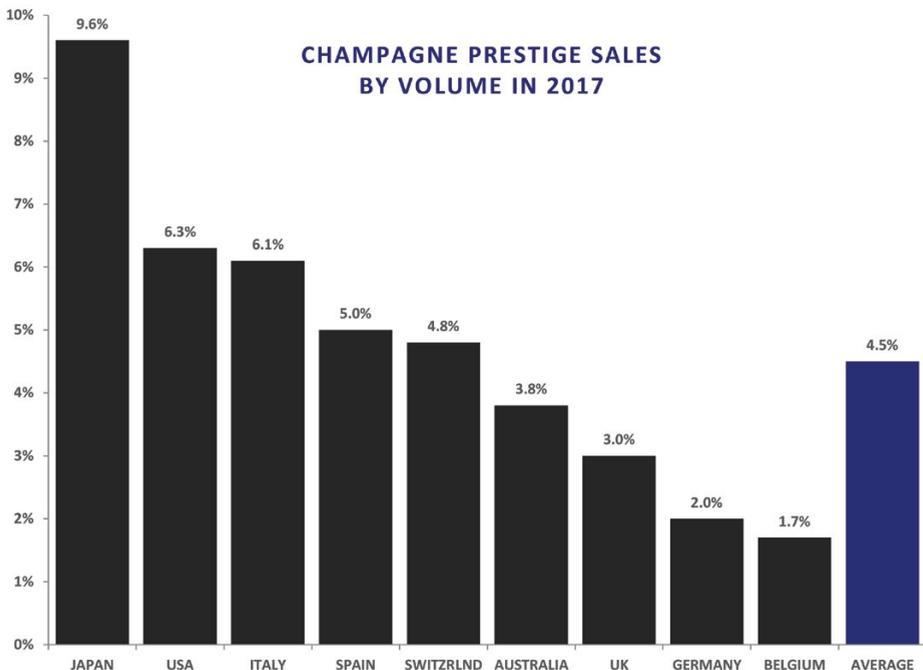
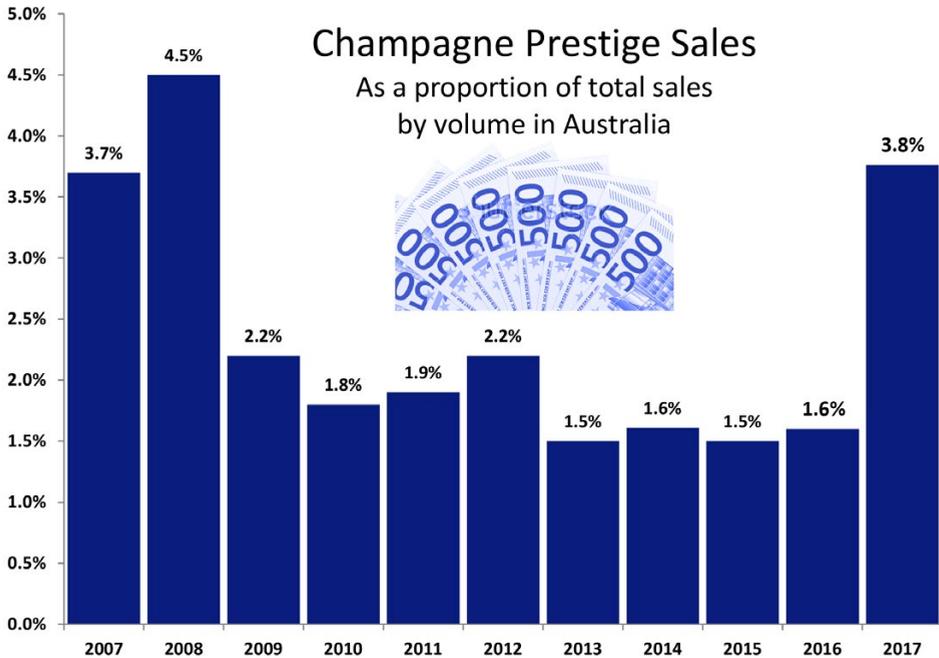
Rosé: Australia's big underperformer

Rosé saw growth of 24.5% to a record 279,000 bottles in 2017. Even still, of Champagne's top ten markets, Australia ranks lowest in rosé sales. For every 30 bottles of champagne popped in Australia, just one is pink. On average across its markets, one in ten bottles of champagne is now rosé. And in the USA, more than one in seven. Even after steady rises over the past four years, Australia consumes just one-third of the champagne rosé of other top markets. But there are signs of improvement, with rosé growing to its highest point since 2008 as a proportion of champagne sales. However, rosé growth has not nearly kept pace with the rise of prestige or vintage cuvées, making rosé Australia's most underperforming category. Watch this space for growth in the years to come. Following the lead especially of Europe, the US and Japan, the explosion in still rosé sales in recent years has been revolutionary, so expect pink sales to continue to blossom, albeit moderated by price sensitivity. Champagne rosé is elegantly suited to Australia's diverse cuisine and warm climate and deserves pride of place in every celebration.



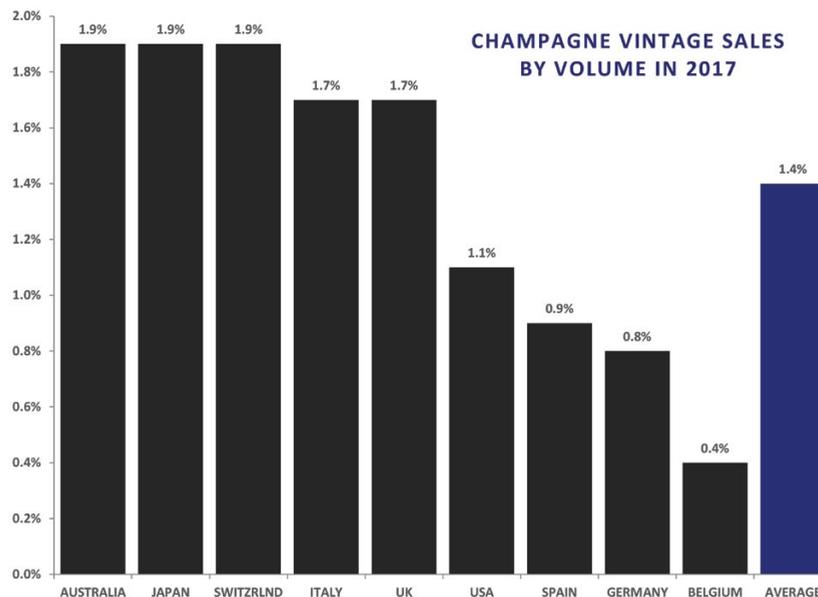
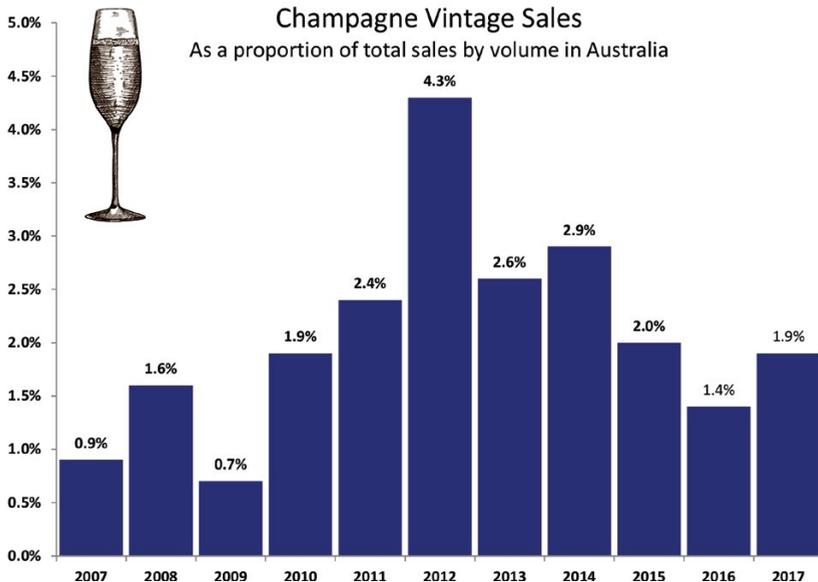
Prestige explosion

In 2017, Australia's prestige champagne imports mushroomed to an all-time record of more than 320,000 bottles, nearly three times the 120,000 bottles of 2016. This performance has promoted Australia from the lowest in proportion of prestige imports among Champagne's top ten countries to a respectable sixth place, overtaking the UK, Germany and Belgium. Prestige cuvées now represent 3.8% of Australia's champagne imports, the highest in a decade (with a value of €16.6 million), up from just 1.6% last year and increasing an average of 7.7% per year since 2008.



Vintage promise

In 2017, Australia ascended from fifth to equal first place in the world's top markets in proportion of vintage imports, though this is hardly a champagne-popping achievement – the numbers are small everywhere. Vintage champagnes reached 1.9% of Australia's champagne imports in 2017, thanks to unprecedented shipments of 164,000 bottles, a massive explosion of 55.9% on the 105,000 bottles imported in 2016. But more revealing is the long-term trend, and 1.9% still sits under Australia's average over the past decade of 2.1% vintage cuvées. Nonetheless, even 1.9% has shot Australia to equal first place, alongside Japan and Switzerland. Vintage represents a tiny and declining category in champagne worldwide, making up fewer than one in every 70 bottles of champagne sold. And yet it is widely and rightly heralded as champagne's most underrated category of all. Production is minuscule and typically a strong step up from entry non-vintage blends, yet largely underappreciated by the mass market. Look out for great buys again this year, particularly from the spectacular 2008 vintage.





WINE EVENTS

WITH TYSON STELZER



INTERNATIONAL WINE & SPIRIT
COMMUNICATOR OF THE YEAR 2015

TYSON STELZER
INTERNATIONAL WINE & SPIRIT
COMMUNICATOR OF THE YEAR

Presents

WINE EVENTS

2018-2019

*Saffire Pinot Noir
Weekend*

SAFFIRE FREYCINET
18-20 MAY 2018

*The Great
Australian Red*

NATIONAL WINE CENTRE
ADELAIDE
16 OCTOBER 2018

*Sparkling Saffire
Weekend*

SAFFIRE FREYCINET
20-22 JULY 2018

Taste Champagne
HONG KONG
OCTOBER 2018

Taste Champagne

SYDNEY 6 AUGUST 2018
CANBERRA 8 AUGUST 2018
BRISBANE 13 AUGUST 2018
PERTH 15 AUGUST 2018
MELBOURNE 20 AUGUST 2018
ADELAIDE 22 AUGUST 2018

Champagne Dinner

STOKEHOUSE BRISBANE
OCTOBER 2018

Effervescence Tasmania

LAUNCESTON
15-18 NOVEMBER 2018

Champagne Tour

9-15 SEPTEMBER 2018

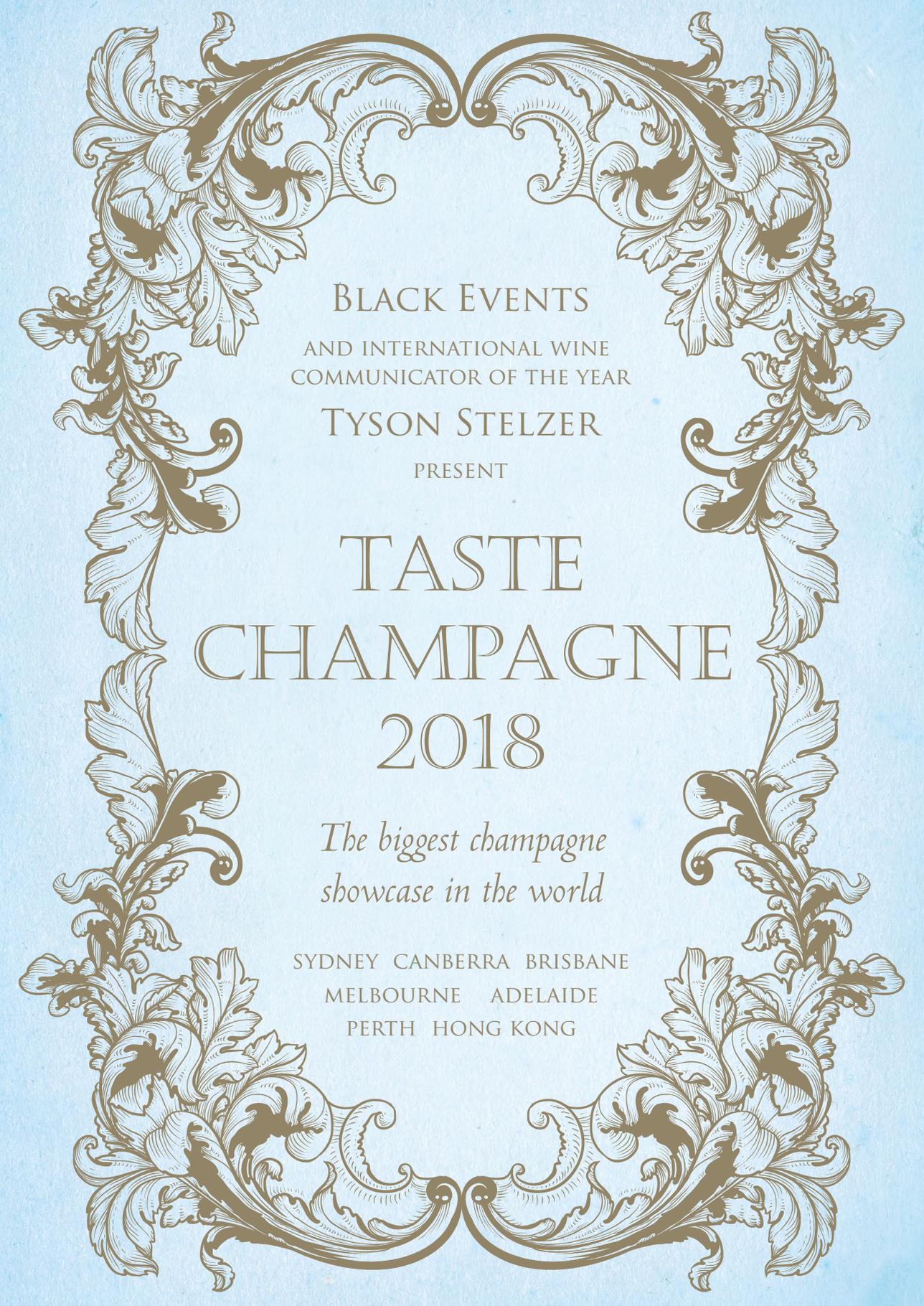
Champagne Tour

8-14 SEPTEMBER 2019

More events are announced every month.
Join Tyson's list of friends at www.TysonStelzer.com
to be first to receive updates.

Enquiries & Tickets

WWW.TYSONSTELZER.COM

A decorative border of intricate, symmetrical floral and scrollwork patterns in a light brown color, framing the central text. The design features large, stylized leaves and scrolls that curve inward at the top and bottom, creating a classic, elegant frame.

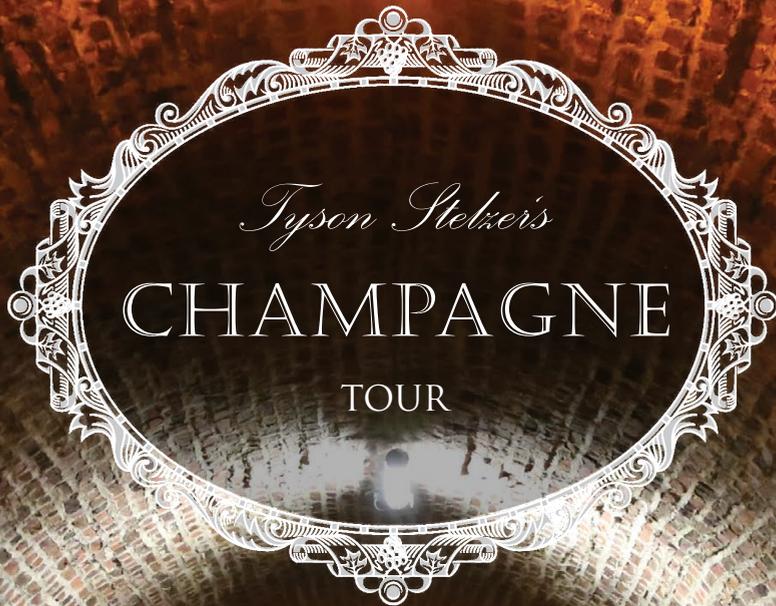
BLACK EVENTS
AND INTERNATIONAL WINE
COMMUNICATOR OF THE YEAR

TYSON STELZER
PRESENT

TASTE
CHAMPAGNE
2018

*The biggest champagne
showcase in the world*

SYDNEY CANBERRA BRISBANE
MELBOURNE ADELAIDE
PERTH HONG KONG



Tyson Stelzer's
CHAMPAGNE
TOUR

Register Your Interest

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