

THE STATE OF PLAY OF
CHAMPAGNE
IN AUSTRALIA



2020

TYSON STELZER

7 REASONS WHY CHAMPAGNE IN AUSTRALIA DIDN'T LOSE ITS SPARKLE IN 2020

SECOND
HIGHEST EVER
8.52 MILLION
BOTTLES IMPORTED



ASCENDED FROM
4TH TO 5TH
LARGEST
CONSUMPTION
PER HEAD
OVERTAKING UK



BIGGEST
% GROWTH
OF TOP 10
MARKETS



LARGEST
CONSUMPTION
PER HEAD
OUTSIDE EUROPE

RECORD
131 GROWERS
& 118 HOUSES
IMPORTED



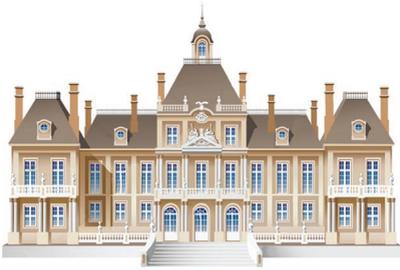
STRENGTHENED POSITION
AS THE WORLD'S
7TH LARGEST
CHAMPAGNE MARKET

EQUAL
SECOND
AFTER ITALY AND
SWITZERLAND IN
VINTAGE
CUVÉES



TEN REASONS WHY AUSTRALIA IS STILL CATCHING UP

OF CHAMPAGNE'S TOP TEN MARKETS IN 2020, AUSTRALIA:



IS DOMINATED MORE BY **CHAMPAGNE HOUSES** THAN ANY OTHER



IMPORTS THE SMALLEST NUMBER OF HOUSES

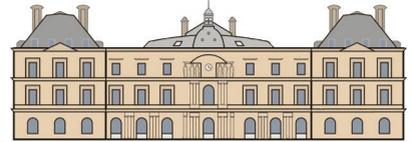
IS DOMINATED BY **NON-VINTAGE CHAMPAGNE** MORE THAN ANY OTHER



RANKS LAST AFTER BELGIUM IN **PRESTIGE IMPORTS**



IMPORTS LESS GROWER CHAMPAGNES BY VOLUME THAN ANY OTHER EXCEPT THE UK



IMPORTS LESS COOPÉRATIVE CHAMPAGNES BY VOLUME THAN ANY OTHER

IMPORTS THE **SMALLEST NUMBER OF GROWERS**



IMPORTS THE SMALLEST NUMBER OF COOPÉRATIVES

RANKS LOWEST IN **ROSÉ IMPORTS** BESIDES BELGIUM



HAS THE **LOWEST AVERAGE SPEND PER BOTTLE** OUTSIDE FRANCE

Champagne down under: On top of the world?

It seems there's no predicting what Australia's love affair with champagne will do next. After the first two successive years of decline in champagne shipments since the start of the millennium, the pandemic hit, and with it dire woes of champagne armageddon. While the rest of the world spiralled into a dramatic champagne tailspin to the tune of more than 53 million bottles fewer than 2019, Australia not only bucked the trend but posted the biggest increase in imports in the champagne world.

Australia recorded the largest percentage growth in 2020 among Champagne's leading markets, and the biggest outright growth across all markets of more than 862,000 bottles. In the stark context of the biggest global decline so far this century, Australia's profound growth elevated it from fourth to fifth largest champagne consumption per head in the world, overtaking the UK for the first time. At the same time, it solidified its position as the world's seventh largest champagne market.

Australia's growth in shipments of 11.2% to 8.52 million bottles in 2020 was nigh-on its all-time record of 8.53 million in 2017. Value was up a similar 11.1% to €126.1M. For all there is to celebrate in this champagne-popping success, there is much insight to be gleaned in delving deeper into Australia's champagne trends, and all is not as effervescent as it may first appear.

For some years now, I have cautioned that Australia's champagne shipments should be read not in the context of its meteoric year-on-year percentage growth, but rather in its steady, long-term growth curve. In this context, Australia has now entered a new phase in which its champagne shipments have finally plateaued.

Australia is like no other champagne market. Posting almost ten-fold growth since 2001, no other country has embraced champagne so affectionately, so fast. And yet Australia is a notoriously challenging market for champagne: highly price sensitive, overwhelmingly big brand driven, and dominated by the supermarket duopoly. The giant négociant houses rule more imposingly in Australia than anywhere else, and growers and cooperatives occupy the smallest market presence. Among Champagne's top ten markets, Australia still ranks stone cold last or second last in number of négociant houses, growers and cooperatives, volume of growers and cooperatives, average spend per bottle, and market presence by volume of rosé, prestige and high and low dosage cuvées.

There is no sign of these trends abating, and 2020 saw Australia's position further intensify as the average bottle price drop slightly, while coopératives, rosé and prestige all diminished in market presence. Non-vintage cuvées maintained their stranglehold on the market, solidifying their position even further in 2020, at the expense of all other styles except vintage cuvées, which showed solid growth, albeit off a tiny base.

The following 17 pages set out a comprehensive report on a year in the life of champagne in Australia, a rigorous fermentation of all the latest trends and analysis to emerge from up-to-the minute data. Read on – in 2019 I exclaimed at how dramatically the champagne world can change in one year. I had no idea!

Champagne in a global pandemic.

Champagne is the beverage of celebration, of gatherings, receptions, airlines and travel. With the onset of lockdowns in April 2020, global champagne shipments plummeted by 68% and again in May by 56%, followed by almost equally acute rises of 50% between April and June. By July, forecasts for worldwide shipments for the year were down a dismal 100 million bottles, one-third of annual sales.

When the final figures landed, champagne showed much more resilience in the wake of the pandemic than anyone had expected. Shipments in 2020 totalled 244.1 million bottles, down just 17.9% on 2019. Domestic sales were down 19.9% and exports 16.1%. Champagne was France's hardest hit wine category, with wine exports decreasing across the board by just 5.1% in volume. Champagne turnover dropped 16.7% from €4.9b to €4.2b in 2020. Turnover in France dropped 17.9% to €1.6b while exports dropped 15.9% to €2.6b. Such was the strength of champagne that it nonetheless remained France's most lucrative wine export, accounting for 30% of the total value of wine exports.

For the third consecutive year, champagne exports exceeded domestic consumption – and the gap widened, with exports accounting for 53.6% by volume and 61.0% by value. The three biggest

champagne export markets posted major drops, with the United States down 18.8%, the United Kingdom 21.7% and Japan an acute 24.5%.

With the exception of Australia's solid growth, and a small rise in shipments to South Korea, it was the traditional markets of continental Europe that largely picked up the slack. Sweden was up 1.0%, Denmark 2.0%, Russia 9.7%, Netherlands 14.5%, Norway 18.4% and the tiny Lithuanian market 78.0%. The Comité Champagne credited the rise in online sales for mitigating the drop in on-premise and traditional sales.

Trends in champagne categories proved difficult to track in 2020 against the backdrop of sharp declines in every sector. But, for what it's worth, non-vintage cuvées retained their market share (down 16.7% in volume), while prestige cuvées posted the biggest decline (25.1%), followed by low dosage (down 20.1%), rosé (down 14.4%) and vintage and high dosage champagnes (each down just 9.6%). Houses and growers increased their market share fractionally in 2020, at the expense of coöperatives, whose presence dropped from 9.2% to just 8.6% of global shipments.

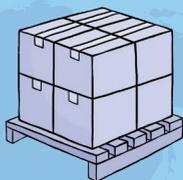
As one of champagne's most important and dynamic markets, Australia continues to play a leading role in offsetting declining sales in the largest traditional markets.



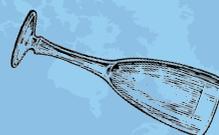
CHAMPAGNE GLOBALLY 2020



244.1 MILLION
BOTTLES SHIPPED
DOWN 17.9%



FRANCE
UK & US
DOWN 20%



TURNOVER
€4.2 BILLION
DOWN 16.7%



JAPAN
DOWN 25%

EUROPEAN UNION
RECORD
27.1% BY VOLUME

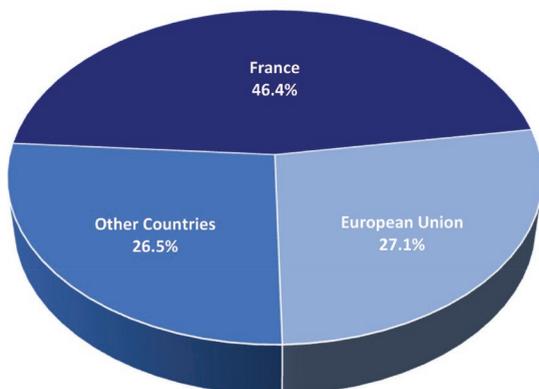


COOPÉRATIVES
DROP
FROM 9.2% TO 8.6%
OF SHIPMENTS



CHAMPAGNE REMAINS FRANCE'S MOST LUCRATIVE WINE EXPORT

CHAMPAGNE SHIPMENTS BY VOLUME 2020



EXPORTS UP

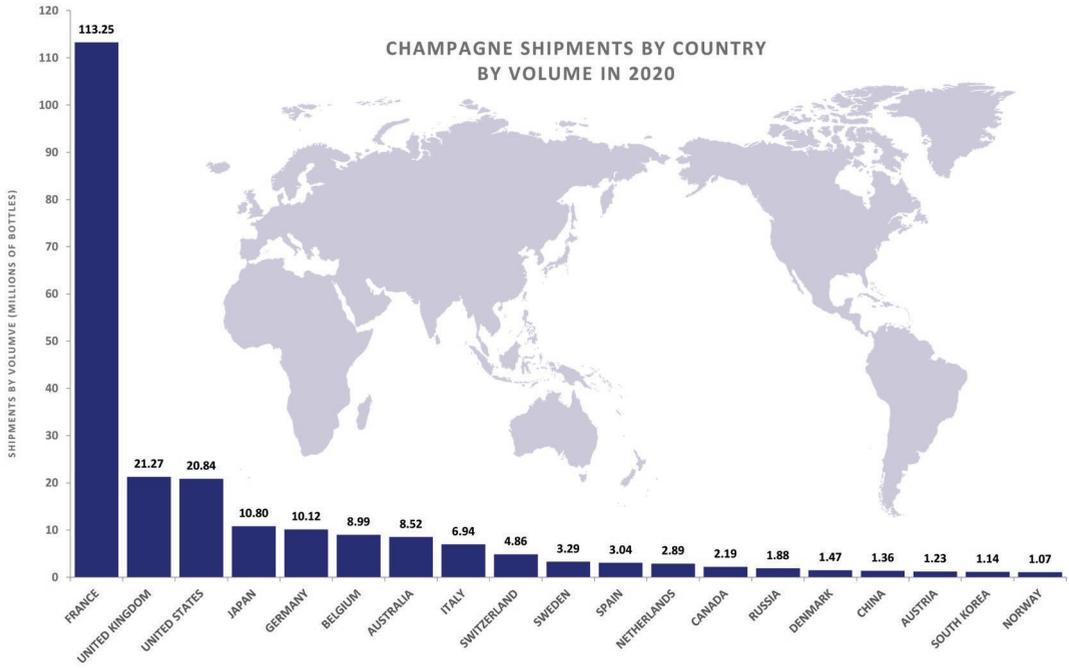
OUTSIDE FRANCE NOW
53.6% BY VOLUME
& 61.0% BY VALUE

THE US, THE UK AND JAPAN – THE THREE BIGGEST CHAMPAGNE EXPORT MARKETS – POSTED A MAJOR DROP IN SALES VOLUMES IN 2020. HOWEVER, THIS DROP WAS MITIGATED BY THE RELATIVE RESILIENCE OF TRADITIONAL MARKETS IN CONTINENTAL EUROPE. THERE WAS ALSO SIGNIFICANT GROWTH IN THE AUSTRALIAN MARKET.

– CHARLES GOEMAERE, DIRECTEUR GÉNÉRAL, COMITÉ CHAMPAGNE

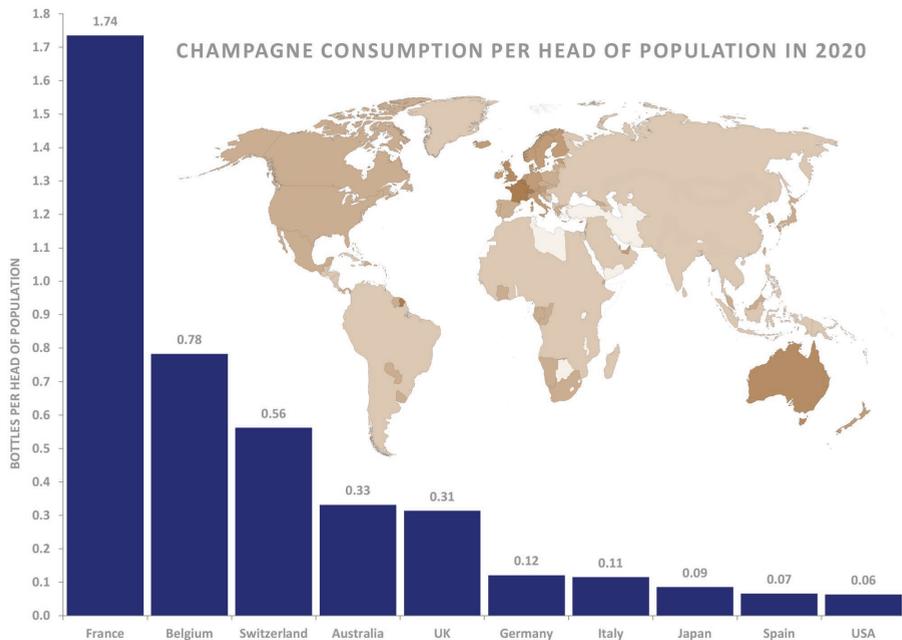
Champagne's top ten markets

Australia led the world in its growth in shipments in 2020, strengthening its position as the seventh largest champagne market on earth, while every market ahead of it suffered decline.



Immaculate consumption

In 2020, Australia ascended to become the fourth largest champagne market per head of population, overtaking the United Kingdom for the first time. It remains the only country outside Europe in the top seven. Australians now consume roughly three times as much champagne as Germans, Italians and Japanese, more than four times that of the Spanish, and more than five times that of Americans.

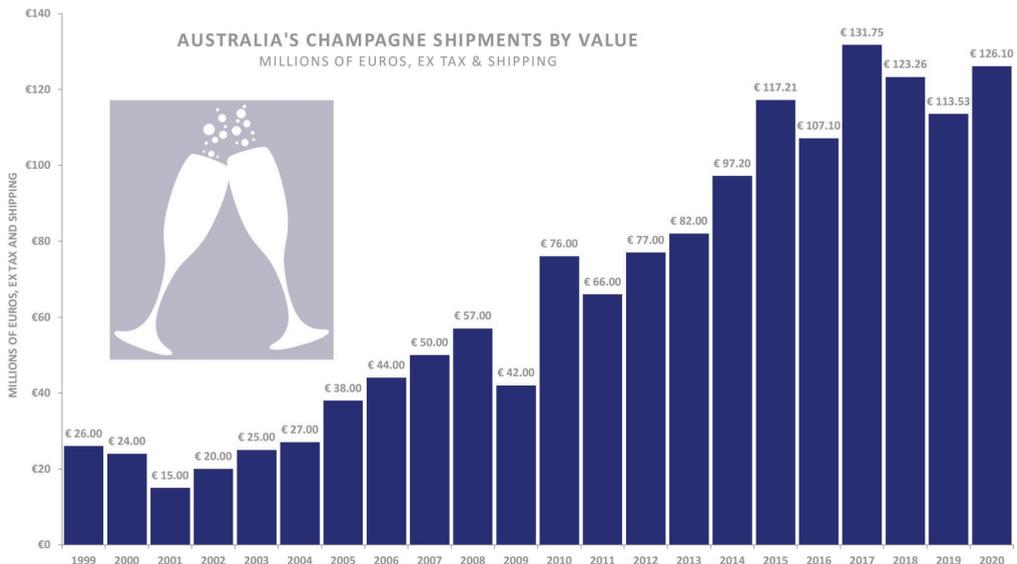
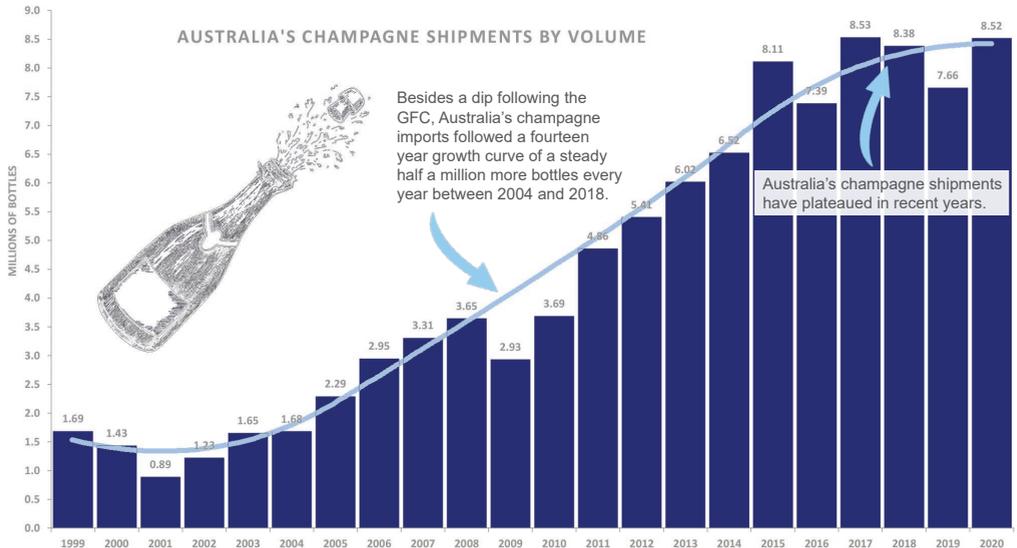


Champagne bubbling away down under

In 2020, Australia imported 8.52 million bottles of champagne, representing 11.2% growth in shipments by volume, up a similar 11.1% in value, to €126.1M. These figures are extraordinary and unprecedented in the context of the pandemic and its associated economic crisis and global repercussions on dining, entertainment, travel and shipping. Australia led the world in its growth in champagne shipments, posting the biggest percentage growth among Champagne's leading markets, and the largest outright growth across all markets. Stark declines in the US (18.8%), France (19.9%), UK (21.7%) and Japan (24.5%) set Australia's growth in a sobering context.

And yet in the light of Australia's own recent trends, these shipments do not in fact represent growth in real terms at all. Besides a dip following the GFC and freak peaks in 2015 and 2017, Australia's champagne imports followed a 15 year growth curve of a steady half a million more bottles every year between 2004 and 2018. Australia has now entered a new phase as its champagne shipments have finally plateaued.

These figures represent shipments, not consumption, and there is something of a 'pipe filling' effect at play here, fuelled by volatile exchange rates, with warehouses overstocked in 2015 and 2017, triggering artificial declines in shipments in 2016 and 2019, and to a lesser extent in 2018. Shipments in 2020 of 8.52 million bottles simply bring Australia back to almost its 2017 record of 8.53 million. In the years to come, we can anticipate a consolidation of the market and an exchange-rate-driven oscillation between eight and nine million bottles annually.



Champagne houses, growers and coopératives globally

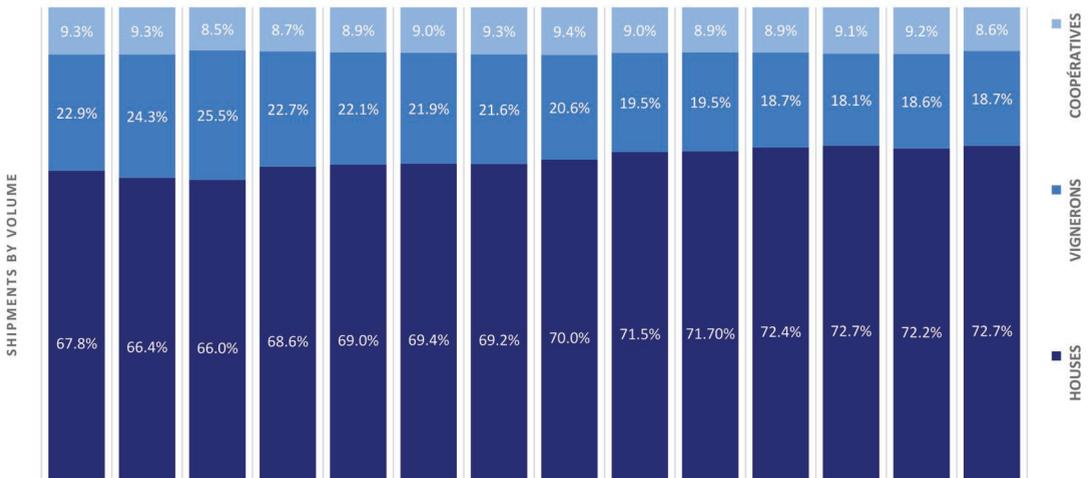
While every sector experienced sharp decline in volume and value in response to the pandemic and its repercussions, houses and growers increased their market share fractionally in 2020, at the expense of coopératives, whose presence dropped from 9.2% to just 8.6% of global shipments.

In 2020, houses shipped 72.7% of the volume and 77.8% of the value of champagne (€3.27b), growers 18.7% of volume and 15.2% of value (€638M), the remaining 8.6% and 7.0% (€294M) respectively accounted for by coopératives.

2020 saw grower sales of just 45.5 million bottles. The long-term trend is revealing, as just 12 years ago in 2009, growers sold 78.5 million bottles, almost one-quarter of all champagne sales, as Champagne moves toward a steadily increasing dominance by its houses.

This trend is exacerbated by the increasing number of top growers who are relinquishing their grower title to assume the flexibility of négociant status.

THE CHANGING BALANCE OF CHAMPAGNE

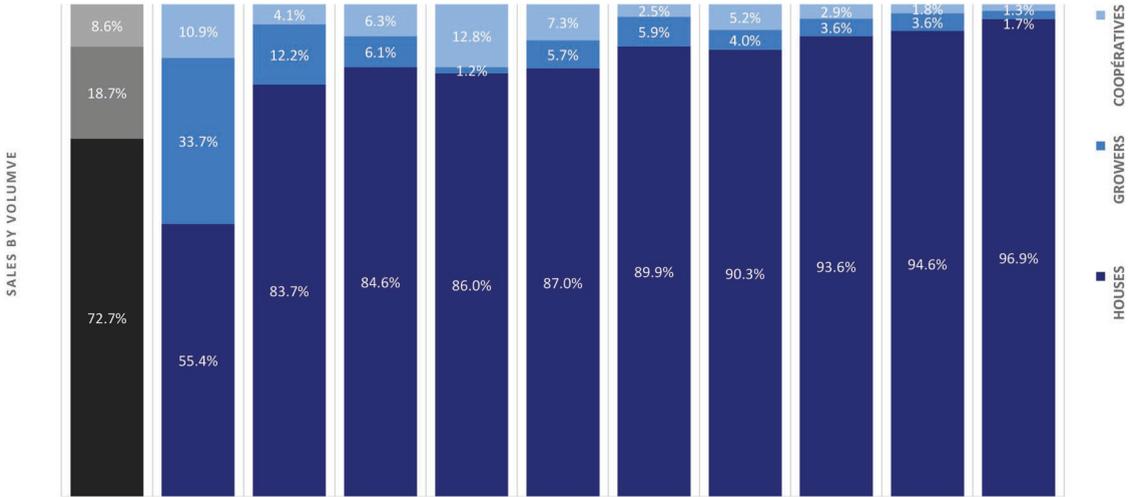


Statistics compiled by Tyson Stelzer from data presented in *Les Expéditions de Vins de Champagne* en 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009 and 2008, *Comité Champagne*.

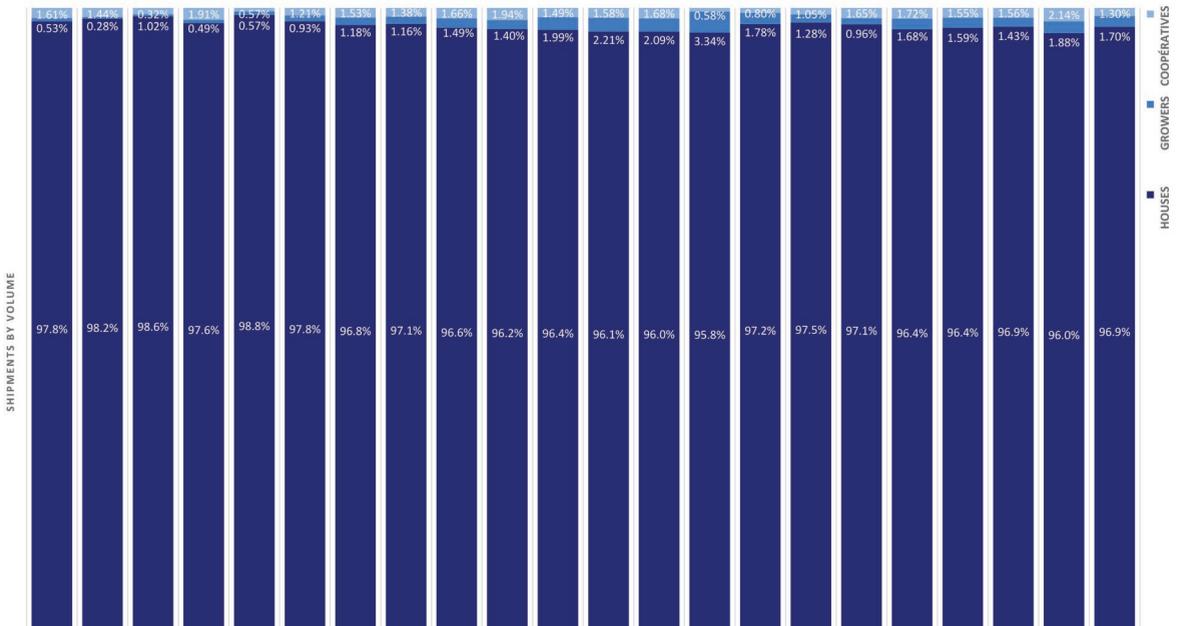
The grower and coopérative crisis in Australia

Of Champagne's top ten markets, Australia is dominated more by champagne négociant houses than any other, with market share by volume for growers dropping to a dismal 1.7% in 2020, compared with 18.7% globally. This makes Australia's grower shipments just one-eleventh of their global average, placing Australia second lowest for grower imports among Champagne's biggest markets (only the UK is lower) and stone cold last for cooperative imports (just 1.3% compared with 8.6% globally). Cooperatives held their lowest market share in Australia since 2014. Almost 97% of champagne sold in Australia is from négociants. Globally, it's less than 73%.

CHAMPAGNE SHIPMENTS BY CATEGORY IN 2020

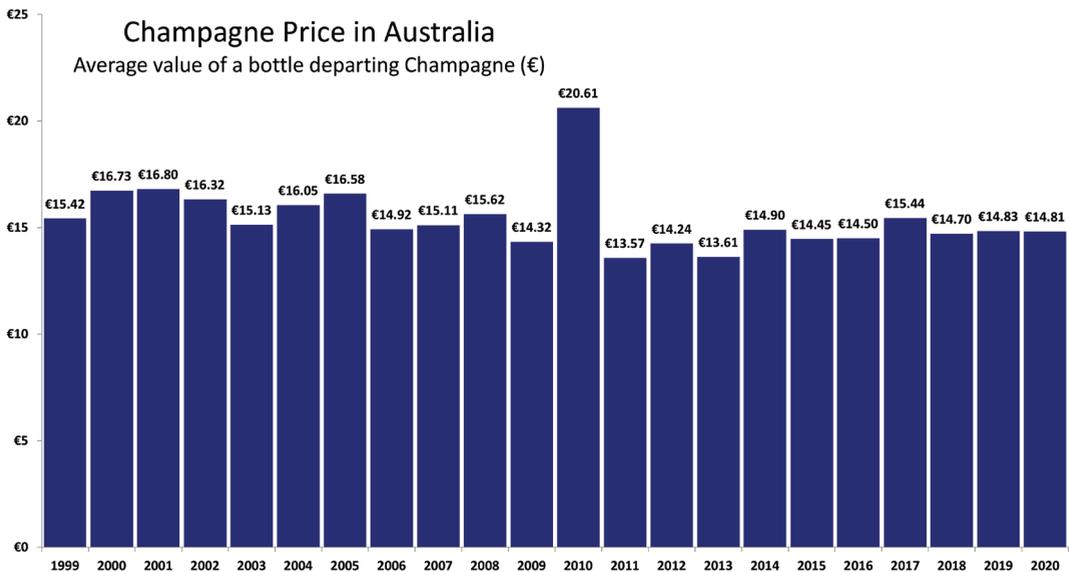
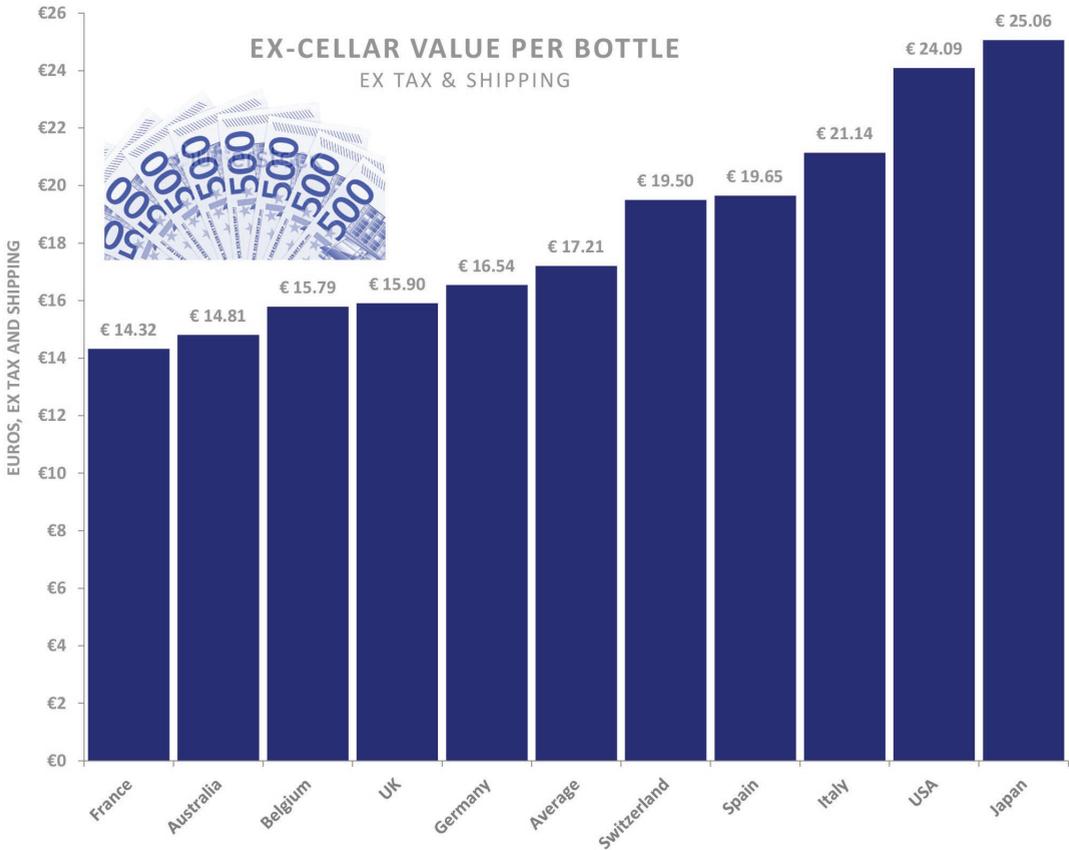


THE CHANGING BALANCE OF CHAMPAGNE IN AUSTRALIA



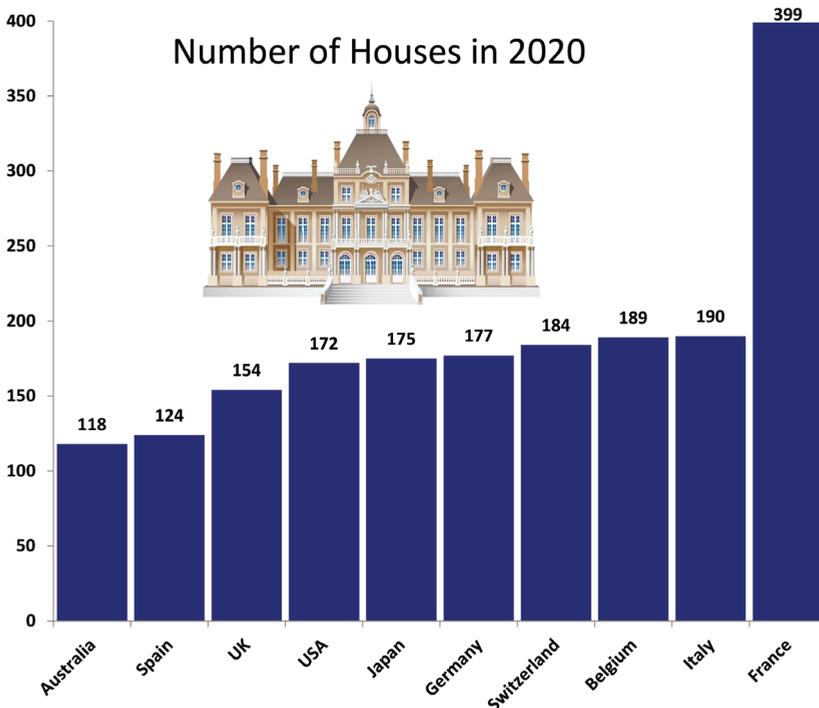
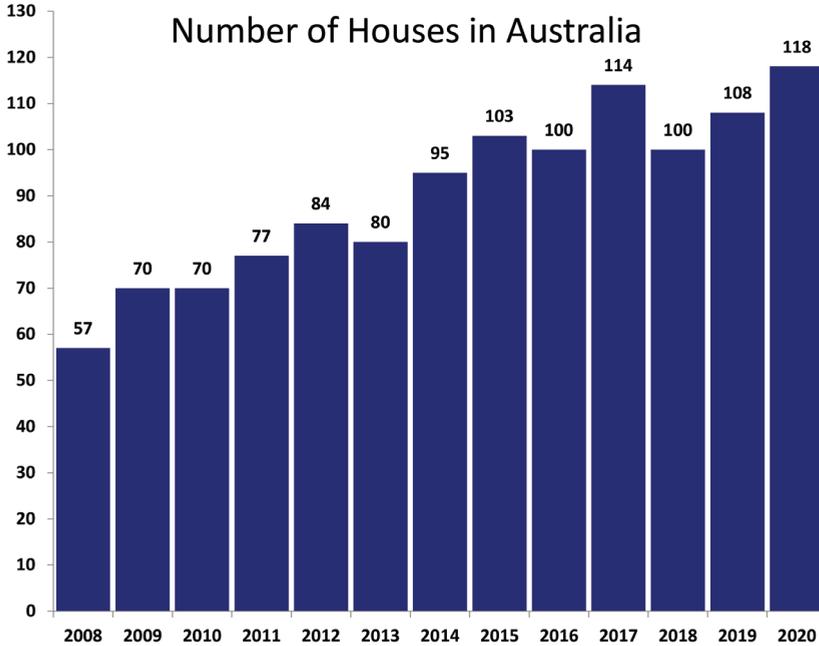
Depressed values

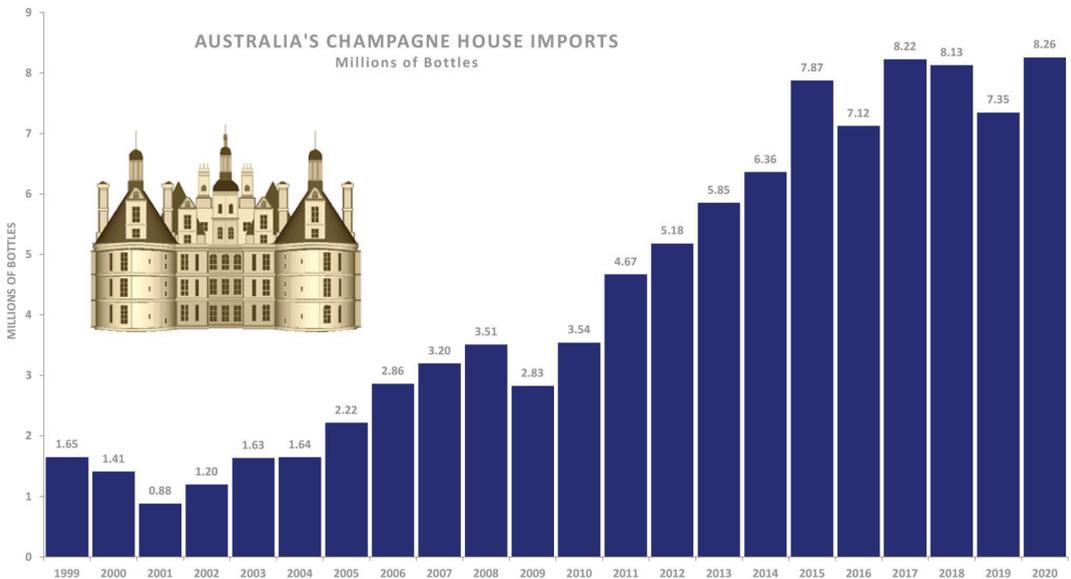
Of Champagne's top ten markets, Australia's average spend per bottle is the lowest outside France, stabilising in recent years under €15 ex-cellar, excluding taxes and shipping.



Limited house diversity

Australia imported an all-time record 118 négociant houses in 2020 – almost 50 more than a decade ago. Nonetheless, this still represents the smallest number in Champagne’s top ten markets. Australian consumers have access to less than two-thirds of the range of champagne houses offered by other equivalent-sized champagne markets.

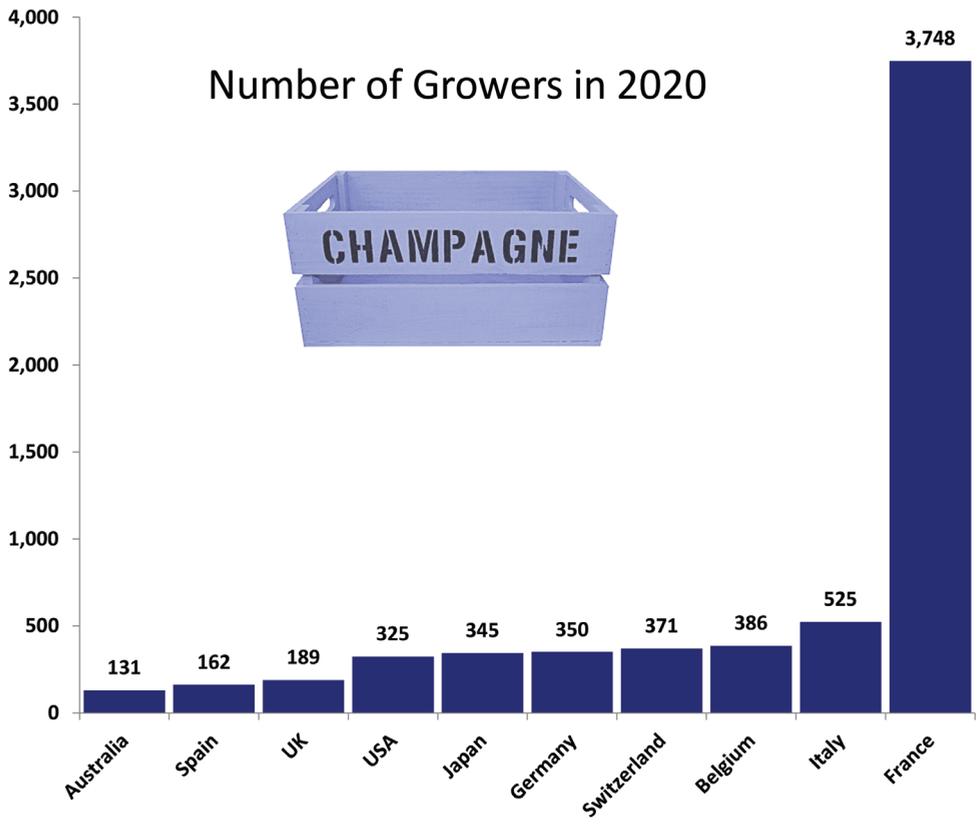
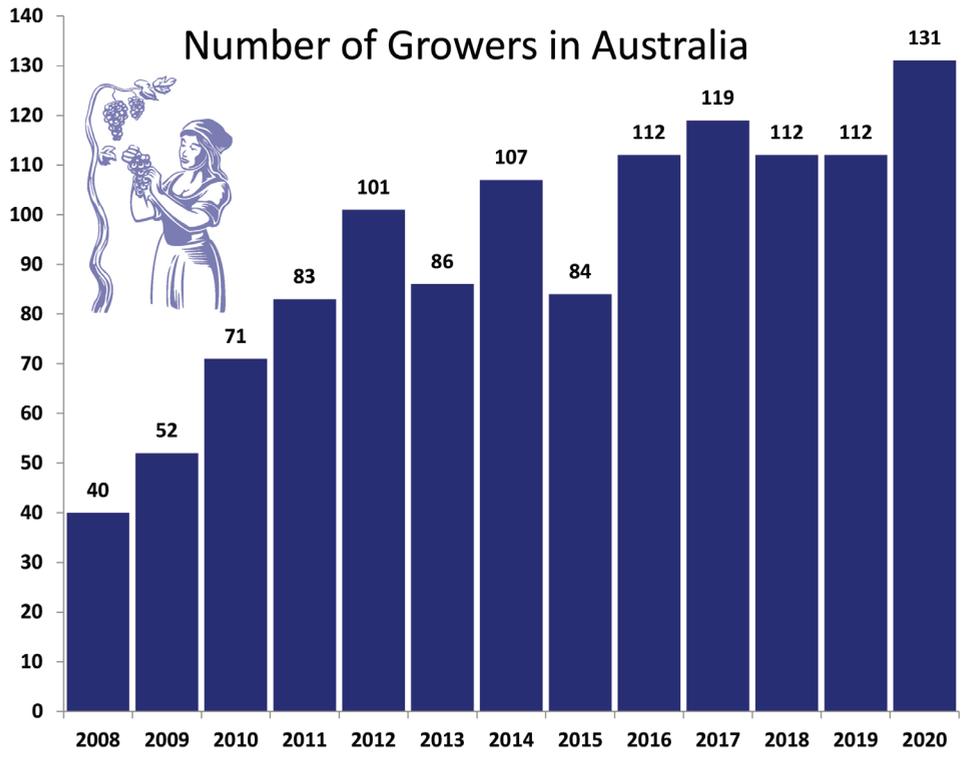




Limited grower diversity

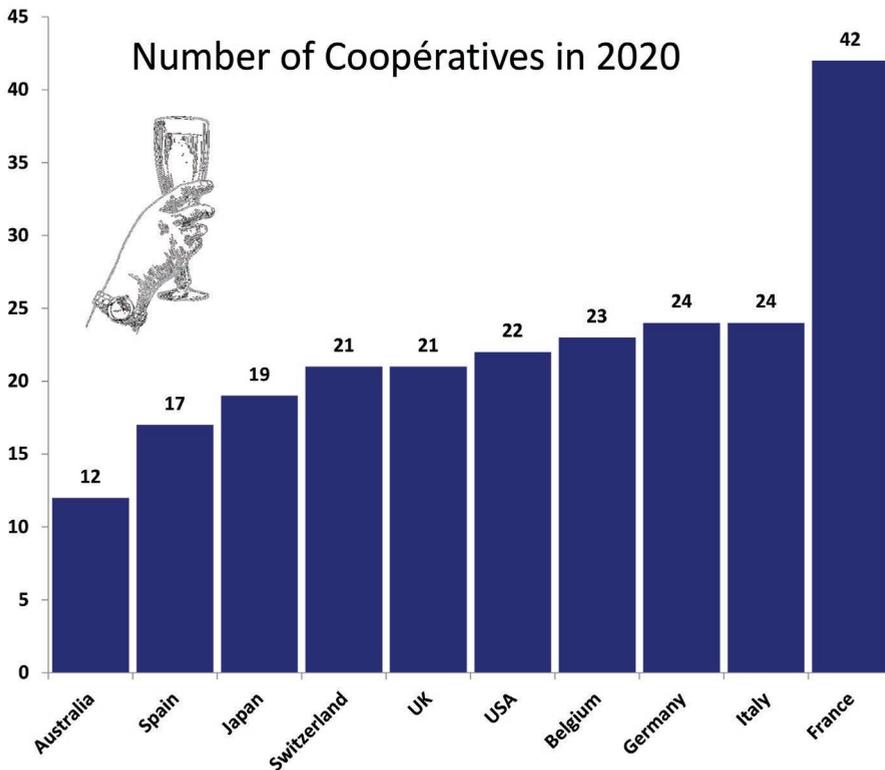
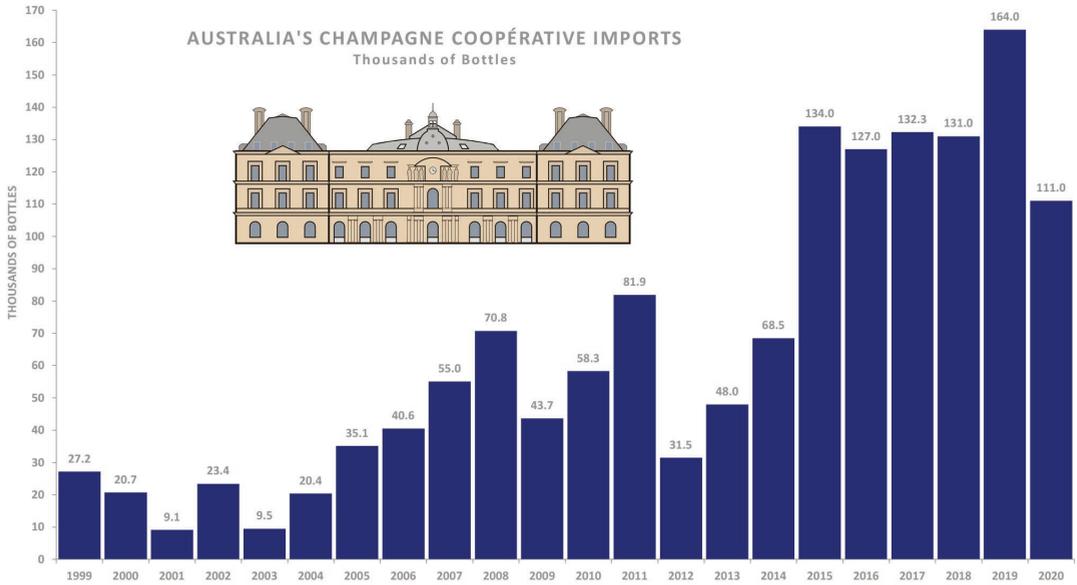
Australia imported an all-time record 131 growers in 2020, up from 112 in 2018 and 2019, and 50 more than a decade ago. Nonetheless, of Champagne's top ten markets, Australia still imported the smallest number of growers in 2020, just 3.5% of a total of 3,759. The number of growers available in Australia is between one-quarter and one-third that of equivalent-sized markets. Italy imports less champagne than Australia, yet enjoys access to more than 500 growers. The grower category is migrating progressively out of the realm of the big retailers and increasingly into the hands of small importers, independent wine stores and progressive restaurants. 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. That said, the grower designation is increasingly meaningless as more top growers assume the flexibility of taking on *négociant* status.



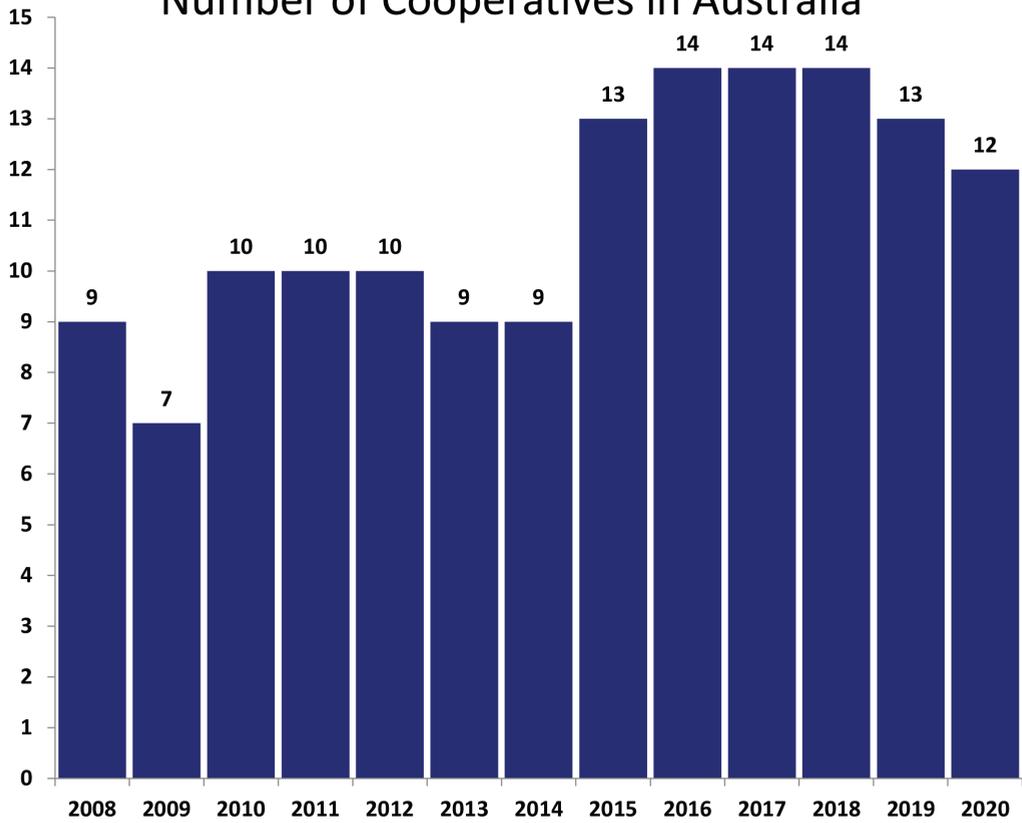


Limited coopérative diversity

Australia imported just 12 champagne coopératives in 2020, the smallest number since 2014, of a total of 42 in the region. This is again the smallest number of Champagne's top ten markets. Reflecting the global decline of cooperative shipments, Australia's imports dropped to just 111,000 bottles in 2020, again the smallest since 2014. This represents just three-quarters of the number of grower bottles shipped, the lowest ratio since 2013.

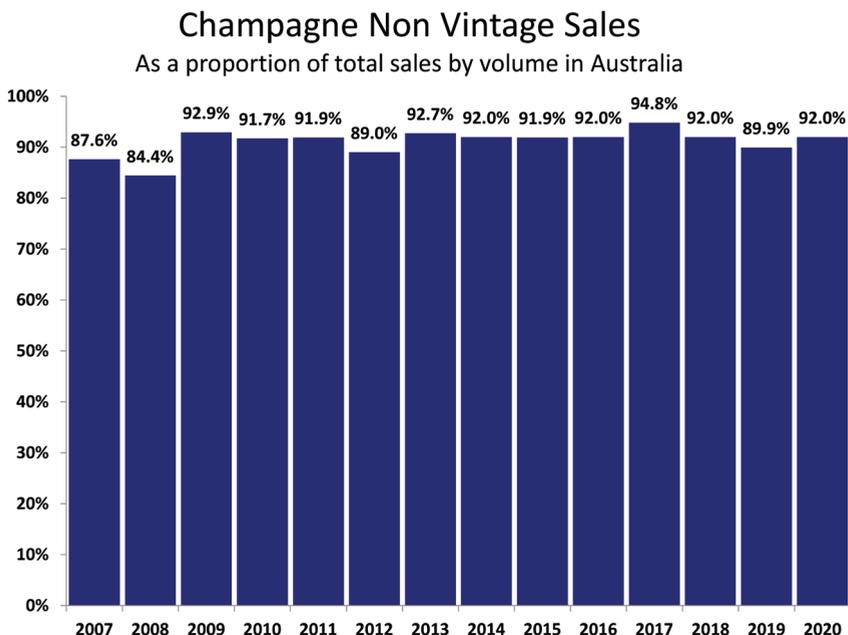
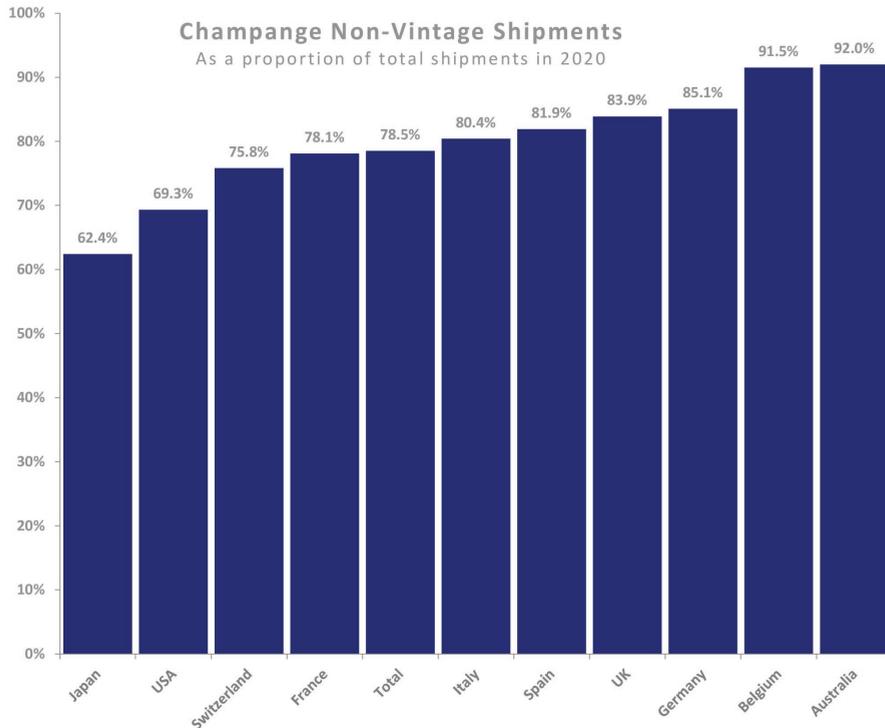


Number of Coopératives in Australia



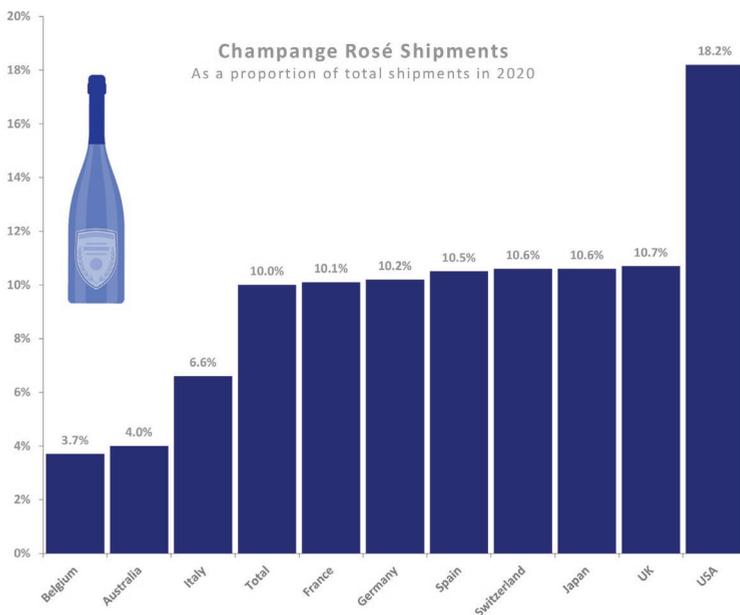
Non-vintage obsession unabated

Of Champagne's top ten markets, Australia is dominated by non-vintage champagne more than any other. For every 10 bottles of champagne sold in Australia, more than 9 are non-vintage. On average across all markets, it's less than 8 in 10. In Japan, it's barely more than 6. Australia's preoccupation with non-vintage has fuelled the explosive growth in its champagne obsession over the past decades, with zero net progress toward embracing the wonderful diversity of champagne in discovering vintage, rosé, prestige or high and low dosage cuvées.



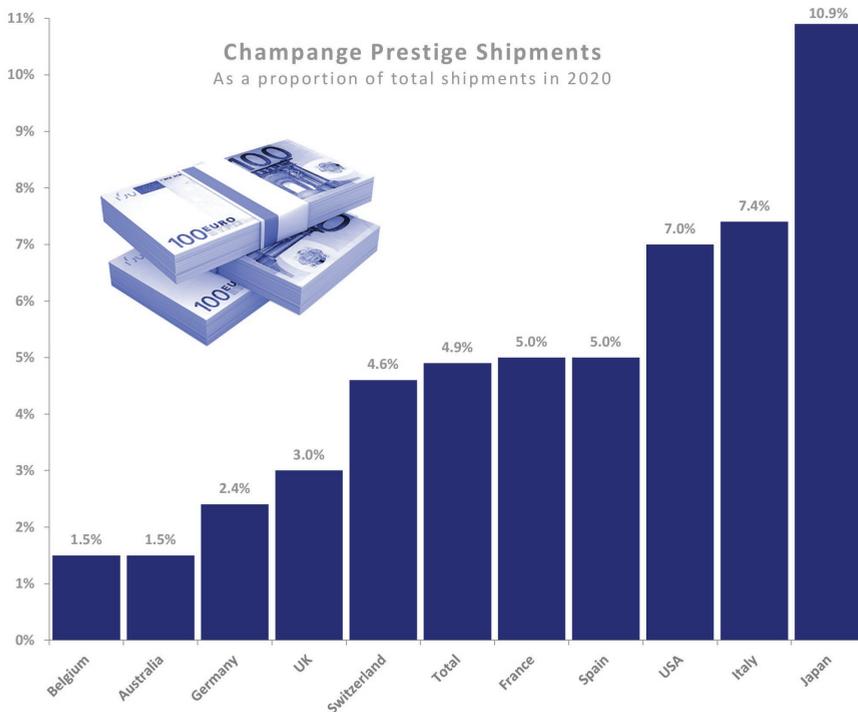
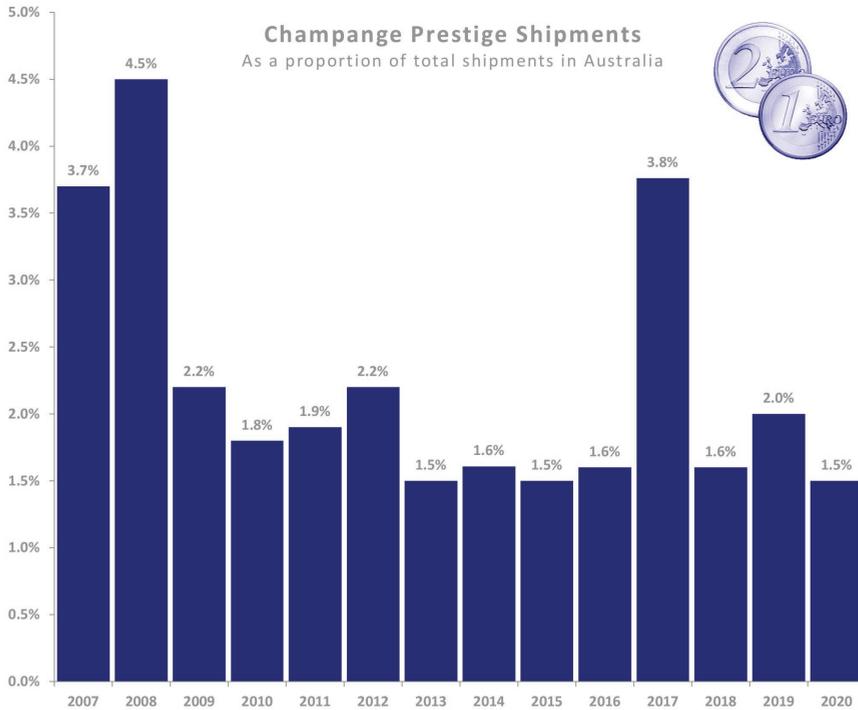
Rosé on the rise... slowly

Champagne's rosé exports globally continue a strong growth trajectory, hitting a symbolic 10.0% by volume for the first time and 11.6% by value in 2020. Australia's growth in rosé imports, more than doubling in market share between 2013 and 2019, waned slightly in 2020. In truth, the seven year growth trend was upheld, as any decline in shipments in 2020 was more a consequence of a record in 2019 offsetting a decline in 2018. Nonetheless, Australia continues to lag far behind, consuming less than two-fifths of the champagne rosé of other top markets, and ranking last besides Belgium among the top ten. For every 25 bottles of champagne popped in Australia, just one is pink. Across all markets, it's one in ten, and the USA continues to set new records of more than one in six. Rosé remains Australia's most underperforming category, yet also its most promising, elegantly suited to our diverse cuisine and warm climate.



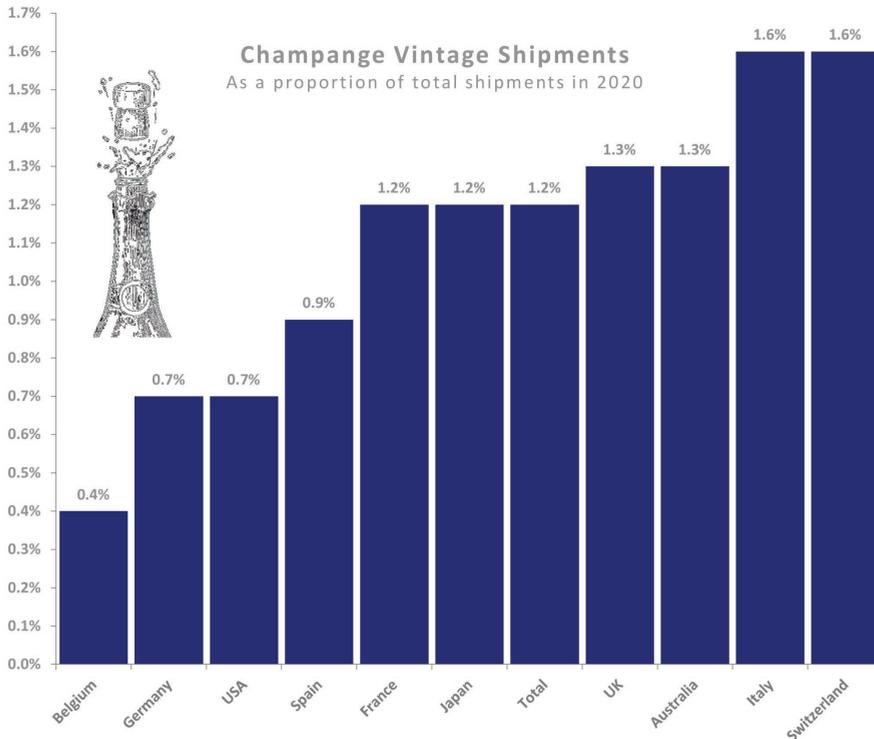
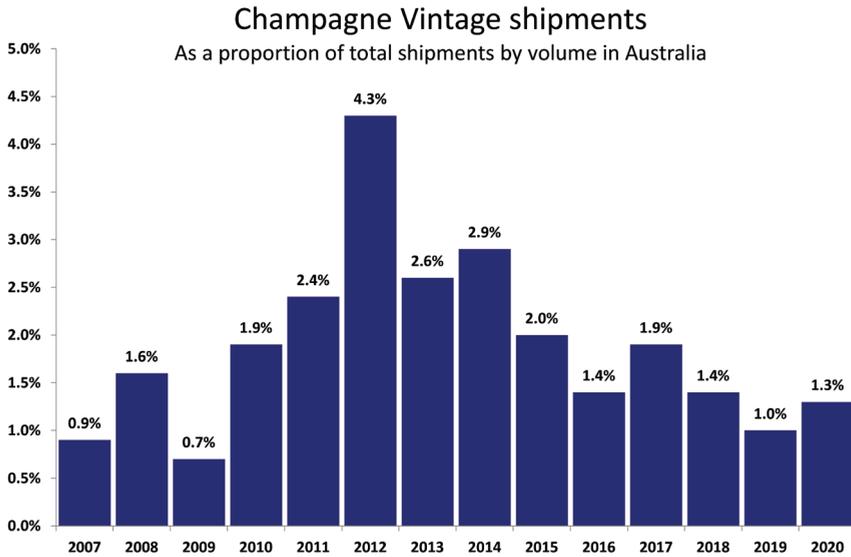
Prestige low

Australia's prestige champagne shipments dropped to just 1.5% in 2020, the equal lowest in recent decades, compared with a global average of 4.9%. This places Australia equal last among Champagne's top ten markets in its love for prestige. In Japan it's almost 11%.



Vintage decline

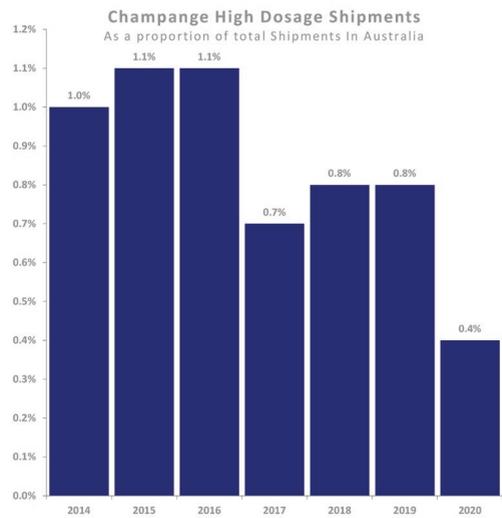
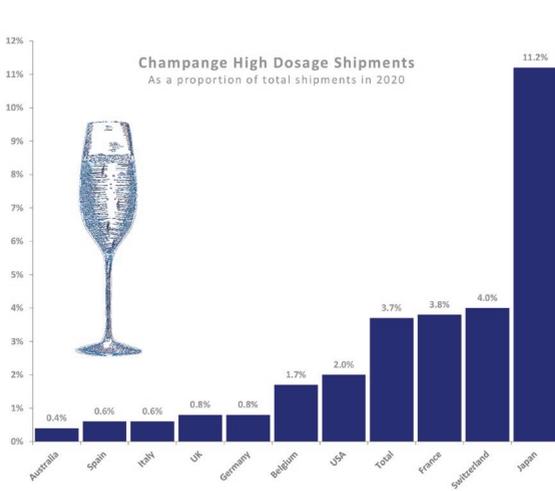
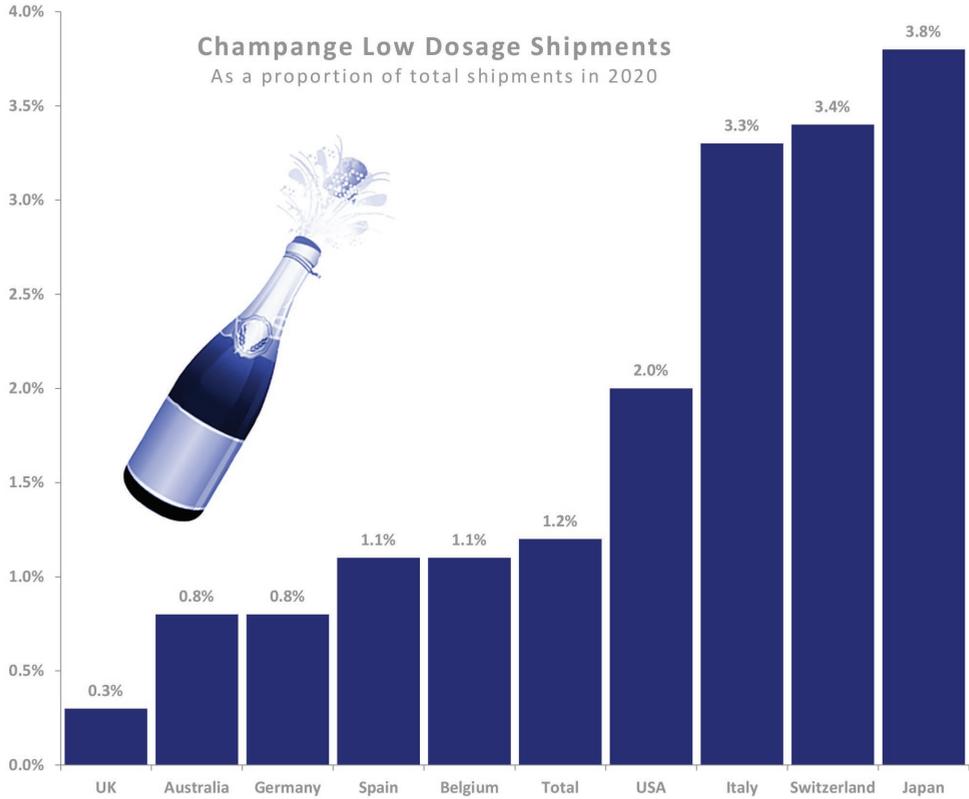
Vintage represented just 1.3% of Australia's champagne imports in 2020, the second lowest market share for this category in more than a decade. However, this still places Australia in equal second place behind Italy and Switzerland among Champagne's top ten markets. This is hardly a champagne-popping achievement – the numbers are small everywhere. Vintage represents a tiny and declining category in champagne worldwide, now making up fewer than one in every 80 bottles 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, with strong representation of the great 2012 and 2013 vintages, and even a few 2008s still kicking around.



Low and high dosage on a low

Australia's extra brut and brut nature shipments dropped from 1.3% in 2018 and 1.6% in 2019 to just 0.8% by volume in 2020. This ranks Australia second last among Champagne's top ten markets.

Extra sec, sec, demi-sec and doux champagne dropped to just 0.4%, the lowest market share since figures were first reported in 2014, ranking Australia lowest among the biggest champagne markets in high dosage cuvées.





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