

# Drinks International



**Features** Champagne | Premium scotch whisky | Cognac  
**Special focus** TFWA Cannes | Packaging  
**Supplement** International Spirits Challenge results

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**Editor Christian Davis**

+44 (0)1293 590047 christian.davis@drinksint.com

**Deputy editor David Longfield**

+44 (0)1293 590045 david.longfield@drinksint.com

**News and website editor Lucy Britner**

+44 (0)1293 490046 lucy.britner@drinksint.com

**Travel Retail correspondent Joe Bates**

**Production editor Jaq Bayles**

+44 (0)1293 590048 jaq.bayles@drinksint.com

**Advertisement manager Justin Smith**

+44 (0)1293 590041 justin.smith@drinksint.com

**Senior sales executive Carmen Poel**

Francesch  
+44 (0)1293 590042 carmen.poel@drinksint.com

**Sales executive Renata Stefanovic**

+44 (0)1293 590043 renata.stefanovic@drinksint.com

**Events director Caroline Berry**

+44 (0)1293 590049 caroline.berry@drinksint.com

**Accounts Annette O'Connell**

+44 (0)1293 590051 annette.oconnell@agilemedia.co.uk

**Publisher Russell Dodd**

+44 (0)1293 590052 russell.dodd@drinksint.com

**Drinks International**

Gateway House  
42a East Park  
Crawley  
West Sussex  
RH10 6AS  
United Kingdom

Tel: +44 (0)1293 590040

**Reader services/Subscriptions**

please contact:

Drinks International

Subscriptions Department

Tel: +44 (0)20 8606 7533

E-mail: mandy.scott@optimabiz.co.uk

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## Limited edition launch for Bacardi bottle

Bacardi is to launch a limited edition bottle for its white rum, to commemorate the impact of the Daiquiri on cocktail culture throughout the world.

The Bacardi Superior Rum Limited Edition Heritage is bottled at the same alcohol strength as it was 100 years ago: 89° proof (44.5% abv).

The design takes its inspiration from the original 100-year-old bottle that was used by the early cocktail pioneers.

According to Bacardi, Jennings Stockton Cox invented the Daiquiri in Cuba in 1898. Cox made the drink for US Navy officer Lucius W Johnson during a visit to the island in 1910. He liked it so much, he took Bacardi Superior rum and the recipe with him.

7,500 cases of the Heritage limited edition will be produced at the Destilería La Galarza in Mexico.

The bottle is presented in a wooden case and is available in markets and travel retail around the world at a retail price of US\$50.

# 'Challenging' duty free sector hits Diageo full-year results

Diageo has reported that volumes and net sales in duty free and travel retail have been hit by the global downturn in passenger numbers and de-stocking by retailers in the company's financial year ending June 2009.

On a brighter note, while sales of Diageo's super-deluxe variants suffered in most travel retail markets, the company's scotch whisky-driven duty free business in the Middle East continued to grow.

Diageo Global Travel and Middle East (GTME) managing director Phil Humphreys put a brave face on the figures, insisting his division had delivered "resilient results" given the "uniquely challenging environment".

Diageo GTME has repeat-

edly pledged to double the size of the liquor category in duty free and travel retail from \$6bn to \$12bn within five years.

"The new environment demanded new thinking and we responded with innovative possibilities to drive the category, as well as move our brands forward," claimed Humphreys.

"The strengths of the Diageo portfolio across categories, price points and global locations have been combined with clarity and leadership and, despite the inevitable impact on passenger numbers, we have maintained our core emphasis on a premium approach that encourages shoppers to buy better.

"Integral to that, we have also remained totally com-



**Phil Humphreys:** "responded with innovative possibilities to drive the category"

mitted to delivering the best possible support to our retail partners and, with them, we continued to build creative and effective category growth initiatives."

Humphreys then said

that Diageo GTME would be continuing to share insights from its consumer research programme with retailers and with airport authorities to "optimise" sales performance.

## Dufry do Brasil bucks regional trends

Brazil's largest duty-free operator, Dufry do Brasil, has reported that the liquor category is defying poor market conditions caused by the swine flu outbreak and the global economic downturn.

Vodkas and super-premium scotch whiskies continue to drive the operator's business, which is spread out across 29 stores in eight Brazilian airports, including Rio de Janeiro and São Paulo airports. Sales of Chilean, Argentinean and Australian wines have also performed well.

Top-selling brands include Veuve Clicquot, Jack Daniel's and Amarula.

"It's been a challenging year but the liquor category is keeping its historical importance for travellers and is increasing its share

of our travel retail business in Brazil," said Marcelo Neffá, regional procurement manager spirits, food and tobacco. "The economic environment in our country has been less affected than in other markets and, because our currency is strengthening again, we expect more people travelling abroad and buying in our shops."



Neffá added that Dufry do Brasil has used a number of tactics to try to stimulate sales, including introducing 10%-30% price discounts on selected sub-categories, the installation of personalised instore merchandising for brands such as Grey Goose and Jack Daniel's, and the offering of a 5% discount to any customer using the operator's online pre-order service at [dutyfreedufry.com.br](http://dutyfreedufry.com.br).

The online discount is proving particularly effective, according to Neffá. "It acts as a sort of guarantee that a customer is going to enter our shop to collect the pre-ordered product.

"We then have the opportunity to show them additional products and promotions to add to their shopping baskets."

## News in Brief

● French airport retailer **Aelia** has been displaying the first bottle of the new €11,000 Glenfiddich 50 Year Old single malt whisky at Paris Charles de Gaulle airport for an exclusive two month period to the end of October. Another nine bottles will then be made available to other selected duty free retailers.

● Bacardi Global Travel Retail Division (BGTRD) has appointed **René Machon** its new regional manager for Germany and Switzerland. Machon joins Bacardi from German duty free operator Gebr Heinemann, where he was head of category management.



### Saffron Gin a hit for Nuance

French micro-distiller Gabriel Boudier's Saffron Gin has become a surprise hit for one of Europe's largest duty free retailers, The Nuance Group.

According to The Nuance Group category manager for liquor, tobacco and food, Europe, Pascal Delmotte, Saffron is increasing its sales each month across the company's store network, which stretches from Sweden and Switzerland to Turkey and Malta.

"The gin category is mature and well-established with very few products overall compared to vodka, and almost no innovation. There seems to be more loyalty in this category, where consumers are not really asking for new products except for a recent interest in Saffron Gin," Delmotte said.

Made to a 19th-century Indian colonial recipe, Saffron Gin contains nine fresh botanicals, including saffron, orange peel, iris, fennel and coriander.

It is priced at SEK129 (£11) in Nuance's Stockholm Arlanda airport store.

## Pernod Ricard to focus on excitement and exclusivity

Pernod Ricard has confirmed it plans to continue to invest in the duty free and travel retail channel despite one of the toughest trading climates of recent years.

The French wine and spirits group has also outlined its strategy for coping with the current market conditions, which includes close cooperation with duty free retailers, experiential instore promotions, travel retail exclusive products, a focus on value rather than volume, and a "differentiated" pricing policy based on region and channel.

"This industry has proved many times how resilient it can be towards global events," said Olivier Cavill, Pernod Ricard communications vice president.

"To increase the size of the liquor category we need as an industry to provide the travelling consumer with a reason to enter the section and purchase. We believe we can do this by offering exciting promotions that bring our brands to life instore, and offering the consumer a wider range

of products, some possibly exclusive to travel retail."

In terms of market performance during the first half of 2009, Australia bucked the downward global trend due to the country's robust economy. Consequently, Pernod's duty free volumes for the Pacific region during this period (excluding Absolut) increased 6% and net sales grew 14.5% with star performers including Chivas 12 Year Old (+23%), Malibu (+11%) and Jameson (+11%).

In stark contrast, the Asian region performed poorly for Pernod due to passenger declines at key airports and the threat of swine flu.

De-stocking by retailers and a drop in passenger numbers also hit the company's European business during the first six months of the year, although sales of malt whiskies and dark rums held up well.

The recession and low currency rates hit the important Nordic ferry market, with many customers trading down to cheaper products,

especially in the vodka category, where Finnish brand Koskenkorva has gained market share against more expensive brands.

Cavill described market conditions in the Americas in the year to date as the "perfect storm", with the trade hit by a strong decline in air traffic, the devaluation of the Mexican peso and the Brazilian real, increased security along the US borders, swine flu and increased violence affecting Mexican tourism.

Chivas Regal has been Pernod Ricard's best-performing brand in duty free and travel retail this year, with the 18 Year Old and 25 Year Old variants enjoying the best growth.

Glenlivet recorded double-digit duty free sales growth in the fiscal year to the end of June, with particularly impressive performances for the higher qualities such as

Nadurra, 21 Year Old and 25 Year Olds.

New packaging for Chivas Regal 12 Year Old, the continuing international roll out of Beefeater 24, and the ultra-premium L'Or de Jean Martell, will be some of the key highlights of Pernod Ricard's product offering at the TFWA World Exhibition later this month.



### 'Brilliant' Hendrick's grows in Europe

William Grant & Sons has revealed that duty free sales of its Hendrick's gin brand are performing well in established markets such as the UK, France and Scandinavia.

Year-to-date sales of the super-premium Scottish gin are up 42%, driven in large part by a major programme of tasting promotions at World Duty Free's UK airport stores. The brand has also recently gained a major listing with Spanish retailer Aldeasa at Barcelona airport.

William Grant & Sons marketing manager, travel retail, Ian Taylor described the brand's performance this year as "phenomenal". "It seems that people may be delaying the purchase of a new house or car, and cutting back on foreign holidays.

"However, they are not prepared to trade down from their favourite cucumber and rose Hendrick's gin."

He added the US would be a key duty free target in 2010.

# People & events

## Leader Page

### The haves and the have nots

I have just been judging this year's Travel Retail Excellence awards. Exquisite packaging, exclusive offerings and impressive merchandising fixtures. No expenses spared in some instances, or so it seems.

At last year's TFWA Cannes conference, one speaker offered figures on millionaires in some of the emerging Asian countries, speculating on how many passed through the various airports. Another had done some research into the airport at Sydney to illustrate how few people bought anything in the shops, even though photographs showed the food courts and bars were busy. It was obvious that, generally, these were people on low-to-average incomes on package holidays or using budget airlines.

It struck me, while listening to the first speaker singling out millionaires and significant numbers of emerging affluent middle classes from the likes of India, China and Russia, that the travel retail/duty free sector may be in danger of losing the plot. While the wealthy and high-earning business people are the plum targets, what about the huge mass of people for whom haute couture or exclusive XO cognacs hold no interest?

Speaking personally, when I walk round the shops in Heathrow and Gatwick, there are many I have no interest in entering. Even at "duty free prices", they are way out of my – and many people's – league. Relatively few ordinary British people would even bother to go into Harrods – prices in the

**Christian Davis**  
Editor



world-famous Knightsbridge store are a joke to the average person. We all know Harrods is about visitors, tourists and people who have more money than sense. Nevertheless, is the mix of shops in travel retail right for the people passing through? The presentation on low sales suggests not. I'm not suggesting that Tesco, Walmart or Carrefour in an airport is a good idea, but everyday UK stores, such as Boots, HMV and WH Smith, are invariably busy, proving people on low and average incomes are prepared to shop if the store isn't too obviously upmarket and the prices are competitive.

So, in the same way that sections of the traditional wine trade still fail to accept wine is now a mainstream drink and people do not necessarily want to trade up, is the travel retail sector concentrating too much on bling, the Beckhams, the "haves"? In these straitened times, it may be wise not forget the "have-nots" who do actually have, even if only a little bit.

## Appointments

Stock Spirits Group, which claims to be one of Central Europe's biggest branded spirits producers, has appointed **Dario Covi** its regional director. Based in Zagreb, Covi will be responsible for selling the company's brands in Serbia, Macedonia, Montenegro, Kosovo, Albania, Bulgaria and Austria. He has more than 15 years experience of working in the drinks and retail sectors.

**Geneviève Jamin Dejoie** has just joined Champagne Deutz and Delas Frères as international communication director. She has been responsible for communications in prestigious houses such as Guerlain and Hermès. In 2004, she joined Veuve Clicquot Ponsardin, where she was in charge of corporate and internal communications.

Pernod Ricard's board of directors has announced that it has proposed renewing the terms of office for several board directors. They include: **Danièle Ricard, Jean-Dominique Comolli, Lord Douro**, as well as that of SA Paul Ricard, which will be represented by **Alexandre Ricard**, in lieu of **Béatrice Baudinet**.

The board will submit the appointment of three new directors: **Gérald Frère** and **Michel Chambaud**, managing directors of the Bruxelles Lambert Group, and **Anders Narvinger**, V&S Group's current chairman, a position from which he has now resigned.

Leading Italian producer Avignonesi and its commercial arm Classica SPA have announced the appointment of **Brett Fleming** as senior export manager. Fleming leaves Australian producer Rathbone Wine Group after six years.

Diageo has announced the appointment of **Betsy D Holden** to its board. Her responsibilities will include membership of the Audit, the Nomination and the Remuneration committees. Holden has more than 25 years of experience in consumer goods and is currently a senior adviser to McKinsey & Co with a specific focus on strategy, marketing and innovation. She previously held senior roles at Kraft Foods Inc, including president, global marketing and category development, and co-chief executive, Kraft Foods.

Nyetimber has appointed **Charlie Mount** as senior account manager for London. He was brand manager for Champagne Krug and, previous to that, represented the Moët Hennessy portfolio to prestige London on-trade accounts.

The British Beer & Pub Association (BBPA) has made **Brigid Simmonds** OBE its new chief executive. She was chief executive of Business In Sport and Leisure for 17 years. The BBPA claims to be the UK's leading organisation for the brewing and pub sector. Its members account for 98% of the beer brewed in the UK and own nearly two thirds of Britain's 54,000 pubs.



**Brett Fleming**



**Brigid Simmonds**



**Dario Covi**

## Diary

● **TFWA World Exhibition**  
**October 19-23**  
Cannes  
tfwa.com

● **Wine for Asia**  
**October 22-24**  
Singapore, The Suntec  
wineforasia.com

● **Rumfest UK**  
**October 24-25**  
London, England  
rumfest.co.uk

● **Intervitis India Expert Meeting**  
**November 4-5**  
Nashik, India  
intervitis-interfructa.de

● **Hong Kong International W&S Fair**  
**November 4-6**  
Hong Kong Convention Centre  
hkwinfair.hktcd.com

● **Winefuture Rioja**  
**November 12-13**  
Logroño, Rioja, Spain  
winefuture.es

● **Interwine China**  
**November 26-28**  
Guangzhou, China  
interwine.org

● **Millésime Bio**  
**January 25-27 2010**  
Montpellier, France  
millesime-bio.com

● **Salon des Vins de Loire**  
**February 1-3 2010**  
Angers, France  
salondesvinsdeloire.com

● **Pinot Noir New Zealand**  
**February 1-4 2010**  
Wellington, NZ  
pinotnoir2010.co.nz

● **Prodexpo**  
**February 8-12 2010**  
Moscow Expocentre  
prod-expo.ru

The release of the Lockerbie bomber has made Scotch whisky a political prisoner. Graham Holter examines the backlash against Scotland's most lucrative export

## US boycott for Scotch?

As political gestures go, giving up Scotch whisky isn't quite in the same league as lying down in front of a tank or going on hunger strike. But it's a threat which could yet inflict serious damage on Scotland's distilleries.

The release of terminally ill Lockerbie bomber Abdelbaset Ali al-Megrahi has infuriated many Americans and prompted a nascent backlash against Scotland. The campaign to boycott all things Scottish has spread from quiet corners of the internet to the mainstream media, generating global publicity for those who feel that Scotland's justice system has shirked its responsibilities.

Whisky, being one of Scotland's most valuable exports, is an easy target for protestors. The US is Scotland's single biggest export market, with some £2.3 billion of Scottish goods sold to America in 2007. Whisky sales alone account for £370 million of that figure.

The Scotch Whisky Association is playing it cool. "It has been business as usual for Scotch whisky companies in the US," insists a spokesman. "While there was some limited internet activity in the days immediately following the Megrahi decision, such as blogs calling for a boycott of Scottish goods, our members are not reporting anything more significant or serious than that.

"There is no suggestion that such a campaign has attracted any support from consumers. That said, the US is, of course, our largest export market and we will continue to monitor developments carefully."

Scotch producers will doubtless recall the last time the Americans got shirty with Europeans about a perceived lack of solidarity over security issues. In 2003, France's opposition to George Bush's invasion plans for Iraq drew vitriol and ridicule from hawkish US citizens, who vowed to stop buying

French wines in protest (and even renamed French fries "freedom fries").

But should Scotch producers worry? After all, a paper published by the National Bureau of Economic Research in 2007 concluded that the French wines boycott had little effect, despite an apparent decline in sales. The authors – Orley Ashenfelter, Stephen Ciccarella and Howard J Shatz – studied the sales of 4,700 individual wines and found that, even though French business people were reporting being "hurt" by the boycott, France's worsening performance was all part of a wider cycle.

"Sales of French wine dipped for two reasons," the writers claimed. "First, they experience a cyclical peak at holiday time, from November through early January, and the boycott was called during the February to May period.

"Second, sales of French wine have been in a secular decline in the United States. Sales in February through May 2003 merely stayed on trend. We contrast our results with other recent work that has found evidence of a boycott effect, but that omits the holiday effect from several specifications.

"French wine producers may be having economic problems, but it is not because of their government's foreign policy."

However, in 2008 another NBER paper, published by Larry Chavis and Phillip Leslie, came to a different conclusion.

"At the peak of the boycott, our conservative estimate is that French wine sales would have been 27% higher if there had been no boycott," they wrote. "We also find that the boycott lasted for six months, and French wine sales would have been 13% higher over these six months if there had been no boycott."

They added that "businesses should be concerned that consumers may boycott their products", and this



Shutterstock

doubtless applies to Scotch producers, who are anxiously monitoring American sales data for signs of a backlash.

The real challenge could come in the forthcoming holiday season, when the statistically important once-a-year purchases may be foregone. But the picture is clouded somewhat by the fragile economy: if American consumers do abandon Scotch, will it be to make a point about Megrahi's release, or simply because they can't afford indulgences this year? Analysts may have a tough job deciphering the data and, as with the French wine boycott, there might not be a conclusive answer to the question.

On the plus side, Scotch producers can reassure themselves that political grudges and economic recessions both eventually pass. But it's also true that the effect of both this year would be broadly the same, and equally out of their control.



## Connemara Limited Edition Sherry Finish Irish Malt Whiskey

**Brand owner** Cooley Distillery  
**Price** €60, £40  
**Markets** Ireland, UK, France, Benelux, Germany, Switzerland, travel retail  
**Contact** jack@cooleywhiskey.com

The Sherry Finish is the first release from the new Connemara programme, Small Batch Collection.

This will involve a release every 18 months with future releases including a heavy peat expression and, potentially, virgin oak and other finishes.

The aim of the programme is to ensure there is a level of exclusivity and collectability about the Connemara family but not to overload the trade or consumers with too many new expressions.

At the same time, the Connemara range has been relaunched with new packaging.



## Juniper Green Organic Sloe Gin

**Brand owner** The Organic Spirits Company  
**Price** £20  
**Markets** UK  
**Contact** Chris Parker, the Organic Spirits Company, +44 (0)1483 894650

The Organic Spirits Company says it is finally able to realise its ambition of launching an organic sloe gin.

Managing director Chris Parker said: "The problem has been finding organic blackthorn bushes, on which sloes grow. We have not been able as yet to find a UK site certified free of fertiliser drain-off and wind-drift crop spray, but, after years of searching, have secured a certified source in Romania.

"We have long wanted to introduce a sloe gin because the product is rapidly expanding from its Christmas-only image. Sloe gin is featured in many modern cocktails, as well as being enjoyed with champagne and sparkling wine or simply on its own."



## Evan Williams Honey Reserve

**Owner** Heaven Hill Distilleries  
**Price** US\$14.99  
**Markets** National US by Jan 2010, then international  
**Contact** heavenhill.com

Heaven Hill aims to exploit the continuing growth in the US flavoured spirits sector with this marriage of "extra-aged Evan Williams Bourbon" and natural honey. The 70-proof bottling is available in the US in 75cl and 5cl sizes.

Evan Williams Honey Reserve, says the company "draws on the equity of the Evan Williams franchise, but with a contemporary flair". With its tagline of All Flavor. No Sting' the new brand is supported by a full range of point of sale, including on-premise chillers, shot glasses, posters and table tents, all rendered in the signature black and yellow colour scheme.



## Garvey Caramel

**Owner** Grupo Garvey  
**Price** £15.99, €17.90.  
**Markets** Worldwide  
**Contact** larisa.peshkova@grupogarvey.com

Following "considerable success" since it launched its vodka-based 30% abv caramel liqueur in Spain in February, Grupo Garvey now plans to launch the product in other markets.

Garvey Caramel's aluminium packaging is unusual in the liqueur sector, and is said to be a "popular draw" for the target consumer group of 20 to 30-year-olds.

The brand is going down well in the Spanish provinces of Andalusia and Cadiz, where consumers are encouraged, via garveycaramel.com, to visit partaking bars and book free servings for themselves and three friends. Scratchcard promotions are also used to give away free branded merchandise.

# Launches



## Ardbeg Corryvreckan

**Brand owner** LVMH Moët Hennessy

**Price** £59.99, US\$85, €70

**Markets** Global

**Trade contact** joe.roberts@mhuk.co.uk

This new Ardbeg is named after the second largest whirlpool in the world – Corryvreckan, off the coast of the famous Scottish, and Scotch, island of Islay.

As befits an Islay malt, Ardbeg is smoky and peaty. Dr Bill Lumsden, head of distilling and whisky creation, said: “Experiments initiated during 1999 and continued ever since have created parcels of Ardbeg stock slowly maturing in French oak casks on Islay. These are at the heart of Corryvreckan’s perplexing character, teasing spicy and sumptuous sweet fruity notes from the maturing whisky.”

Ardbeg brand director Hamish Torrie said 5,000 preview bottles of Corryvreckan were released to a “hugely positive reaction”, encouraging them to add it to the regular Ardbeg range.

It is bottled 57.1% abv and is non chill-filtered



## Viña Santa Helena Selección del Directorio

**Brand owner** San Pedro

**Price** £7.99, \$16, €11

**Markets** US, Finland, UK, Brazil, Uruguay, Hong Kong, Colombia, France, Paraguay, Taiwan, Ireland

**Contact** paul@offpistewines.com

Voted recently the Best Chilean Pinot Noir under £10 and Best International Pinot Noir in the Decanter awards, Santa Helena owner San Pedro says it is proud of this Pinot from Chile’s Colchagua valley.

Santa Helena’s new managing director and chief winemaker, Matias Rivera, has ambitions to strengthen the brand’s international presence – it is a number one brand in Brazil and highly ranked in the Nordic countries. He wishes to focus on the premium end.



## Ibiza Ice

**Brand owner** Ibiza Ice

**Price** £3.50, €5

**Markets** UK and Ibiza

**Contact** Ian Rabbidge, ian@ibizaice.com

Ibiza Ice is said to be a new brand for women dissatisfied since the Babycham (sparkling perry popular in the 1960s and 70s) era and fed up with alcopops, low-cal beer, ciders and perry.

Inspired by the sunshine and partying Balearic island of Ibiza, the 275ml, 5.5% abv drink is described as a lightly sparkling, wine-based cocktail, all natural ingredients (no additives or chemicals are used in any part of the process) and a “groundbreaking sugar derived directly from fruit called ‘Fruit Up’”.

Ibiza Ice is available in two flavours: White Isle described as “a lightly sparkling, crisp and delicate drink with a white wine base and natural fruit flavours of lychee, melon, lemon and kiwi (garnish with fresh mint leaves).

Sunset: lightly sparkling with a pink sunset hue born from rose wine and a hint of natural peach (garnish with a piece of fruit).



## Bowmore Tempest

**Brand owner** Morrison Bowmore

**Price** £39.99, €55

**Markets** Asia, Europe

**Trade contact** customerservices@morrisonbowmore.co.uk

Bowmore, the single malt scotch from Islay has a new limited edition expression – Bowmore Tempest.

It is a small-batch release of 2,000 cases, 59.3% abv, from what is claimed to be Islay’s oldest distillery (established in 1779).

The company says the whisky has been in first-fill Bourbon casks close to Loch Indaal for 10 years. The nose is described as: “Engulfed by earthy smoke and a sea salt brine. A little water brings out notes of crème brûlée with orange blossom and butter cream”.

On the palate it is said to have: “A burst of citrus, some lemons and orange, then comes the distinct peaty character of Islay, with a taste of the neighbouring sea. The citrus returns at the end adding balance and complexity to the mouthfeel. The finish is long, lingering yet clean”.

# Launches



## Gran Tierra

**Brand owner** Constellation Europe  
**Price** £3.99 (entry level), £5.99 (core range), £7.99 (premium dual blends)  
**Markets** Finland, Spain UK, initially  
**Contact** cbrands.com, +44 (0)148 369 0000

Chilean wine is a growing category in many key global wine markets – the US, the UK and the Nordic countries to name but a few. Unlike Australia and the US, there are hardly any strong brands.

So the largest wine company in the world has launched Gran Tierra, which it hopes will become a mainstream brand. To that end it has three tiers: entry-level blends of smooth red and crispy white (£3.99); the core range, Merlot, Sauvignon Blanc and Cabernet Sauvignon rosé (£5.99); and premium dual blends, Cabernet Sauvignon/ Carmenère, and Chardonnay/Viognier (£7.99).



## L'Essence de Courvoisier

**Brand owner** Beam Global Spirits & Wine  
**Price** £1,800, US\$2,800, €2,150  
**Markets** Global roll out at end of 2009 and 2010  
**Contact** claire.richards@beamglobal.com

With such a price tag, L'Essence (42% abv) is strictly for collectors and cognac connoisseurs. It is described as having "exquisite notes of sandalwood and cigar leaves, followed by toffee, marzipan and honey from fresh mountain flowers, finished with the delicate perfume of May blossom".

On the palate it is said to be: "Liquorice, dried plum and apricot – full-bodied and rich, building to a smouldering intensity guaranteed to linger on the palate."



## Casa de la Ermita 2008

**Brand owner** Bodegas y Viñedos Casa de la Ermita  
**Price** £7.99, US\$10.99, €6  
**Markets** Germany, UK, US and where brand is already present  
**Contact** export@casadelaermita.com

Comprising Monastrell and Petit Verdot, this top Jumilla wine came from the not excessively hot 2008 vintage. With a slower growing period, the grapes were able to ripen gradually. The wine was aged for three months in new French oak barrels.

The resultant wine is described as purple-violet, mid-to-high intensity, with lactic, balsamic and light toasted mineral notes on the nose. On the palate it is said to have plenty of fruit, with aromatic woods, cocoas and white spices. In a nutshell: fresh, fruity with "remarkable persistence".



## Lamb's White Rum

**Brand owner** Halewood International  
**Price** £12.99  
**Markets** UK only initially  
**Contact** Halewood Customer Services, +44 (0)870 243 2525

Halewood international is using this month's (October) UK Rumfest in London to unveil Lamb's White Rum. Lamb's Navy is one of the classic, traditional rums, while Lamb's spiced is aimed at the on-trade and specifically at the bartender community.

Lamb's White is aimed at men and women aged 25 to 45 and has been introduced in time for the run up to Christmas.

# The family way

Napa Valley father and son distilling duo, Miles and Marko Karakasevic, have stunned the tequila glitterati with their latest spirits offering. Larry Walker talks to the enterprising pair about their many-faceted approach

San Francisco bartenders and drinks trendies keep a close eye on tequila. There are several good tequila bars – Tres Agaves and Tommy’s being two – and the Mexican spirit is a Very Big Deal on the West Coast.

Nevertheless, it was a bit of a shock to some of the tequila-heads when they learned that one of the hottest new brands in town was distilled in Mexico by a Napa distiller.

Actually, two distillers – the father and son team of Miles and Marko Karakasevic of Charbay, a small family distillery high atop Spring Mountain in Napa. They are 12th and 13th-generation distillers, with family ties to the former Yugoslavia. “My family was distilling spirits before the US was a country,” Miles says.

Anyone who has followed what Miles and now

his son Marko have been up to in the past few decades should not be surprised that Charbay Tequila Blanco, which retails at around \$50, is in big demand. The family produces between 25 and 30 spirits (depending on the year) plus a small amount of table wine.

They are especially well known for their flavoured vodkas, which are flavoured with mostly organic fruit as well as an eclectic collection of brandy, rum and whisky.

## Thumbs up

Julio Bermejo, a leading US tequila authority, whose family owns Tommy’s Bar and Restaurant in San Francisco, gave the new tequila a thumbs up: “I think the product is very good and the Karakasevics are a breath of fresh air to an industry that does everything because that is how ‘everyone else does it’”

Why tequila, I asked Miles?

“I have great curiosity, great passion about spirits and tequila is the most complex of all the classic spirits and the most difficult to distill,” Miles says.

Marko adds: “We wanted to do a blanco because you get the real flavor of the agave in a blanco. People offer me tastes of some \$70 tequila that has been aged in new oak barrels and all you can taste is the wood. What’s the point of that?”

“The wonderful thing about tequila is the agave flavours.”

Miles cuts in: “I do want to make a reposado, but I want to make it in such a way that you can still taste the agave through the complexity of the oak.”

The Karakasevics worked with the family-owned Los Altos Distillery in Arandas, Mexico. “We were hands-on for this project and had complete control, from the agave field right through the distillation,” Miles says.

He explains they combined traditional

## Miles and Marko with the fruits of their labour

methods with some proprietary methods. “They shared, we shared... everyone learned and enjoyed,” he adds.

The blue agave used was all from highlands plantations, grown at more than 7,000 feet in elevation on red volcanic soils. (You could look it up. The GPS coordinates for the agave plantations are on each label of the finished tequila.)

The agave pinas were quartered by hand in the traditional fashion and baked for four days in small brick ovens, a method abandoned by many of the larger distillers.

## Raised eyebrows

The distilling process, in 90-250 gallon copper Alambiques Tequilano pot stills, raised a few eyebrows, but Miles and Marko are used to that. They distilled to as high as 142 proof, with an average proof point of 115. Very few tequilas are distilled into the 140 range, although it is possible.

“During the final distillation at 142 proof, our tequila tasted as if you were chewing on fresh



The agave harvest at Charbay





**The much talked-about tequila looks the part too**



chamomile buds. Later, at 140 proof, it started to taste like cinnamon. At 138 proof, the flavours were of herbaceous, rich agave – with a peppery finish,” Marko says. He adds that the goal was to capture the complexity of those flavours after cutting the tequila to 80 proof.

Regarding proof level, Miles did not want to reveal the final distillation proof. “We don’t tell that to anyone. Also, it is always a different one, specific to the batch of the fermented material.” (Indeed, he is somewhat reluctant to discuss several specific points regarding the new tequila. But, in the end, it is what’s in the bottle that matters.)

He points out that the whole exercise of pot still distillation was to balance the heads, hearts and tails to reach the final distillation point. “Pot still distillation is an unforgiving art and selecting the wrong point is the death of the distillate,” he adds.

Beyond the tequila, what is the thinking behind producing so many spirits? There are, for example, six flavoured vodkas alone, as well as a clear vodka.

“It’s what we do,” Miles answers. “It’s why we keep getting up in the morning. But you have to do it right. It’s why we are standing when a lot of the corporate guys have failed.”

Marko adds: “I’ve been brewing and distilling since I was in high school. Started out making my own beer.”

### **Whiskey breakthrough**

It was the brewing experience that gave Marko the idea for his whiskey project. “I was thinking about distilling whiskey and thought, ‘Why not use a good beer as the distilling base?’ I was able to get 20,000 gallons of good pilsner and used it to distill a pot still whiskey.”

Marko says he and his father distilled for more than three weeks, 24-hours a day, taking four-hour shifts to mind the still.

That was in 1999. In 2002 they released two barrels at cask strength, 129.4 proof. In 2008, they released five more barrels, 124 cases. It is about as smooth and velvety as whiskey comes and you can taste the hops and barley flavours

from the beer.

Marko, who also takes a hand on the marketing side, says neither the trade nor customers seemed confused by the crowded Charbay portfolio. “Of course we don’t expect anyone to take all, or even most, of our products, but once we place a few, they tend to stick with them.”

Charbay also has an aggressive direct-to-consumer marketing programme on Facebook and Twitter. Marko says such social networking programmes are becoming increasingly important in the US.

The first tequila release is limited to 1,700 cases and is available in key national markets. The Karakasevics are looking to expand into select international markets as well and are especially interested in London.

Julio Bermejo doesn’t think they will have any problems at all selling through those 1,700 cases. He placed his order prior to release in August. “It’s a good tequila. They will easily sell it out,” he says.

# A world of difference

Premium scotch whiskies have found a natural home in duty free outlets worldwide. Gavin D Smith finds producers are using this platform to showcase exclusive expressions of their brands

There was a time, in the not-so-distant past, when the consumers' world of Scotch whisky was a comparatively small one, focused around standard blends. Today, however, retailers' shelves sag under the vast variety of Scotch whisky on offer.

Nowhere is the explosion of expressions across all price points and categories more evident than in duty free outlets, where expansive ranges from individual producers are increasingly supplemented by duty free "exclusives".

Industry website [taxfreetravel.com](http://taxfreetravel.com) declares: "It is an intimidating sight for the uninitiated and probably quite unlike the limited range of whiskies you will find in the typical neighbourhood bar or supermarket. The large number of wealthy, male businesspeople travelling through international airports, and whisky's higher profit margins compared to cheaper white spirits, have made Scotland's most famous liquid export the darling

of duty free, accounting for a third of all liquor sales there."

## Obvious attraction

Existing duty free outlets around the world have greatly increased the shelf space they devote to whisky, and specialist retailers have sprung up. World of Whiskies currently boasts a presence at London Heathrow, Gatwick and Stansted, as well as Edinburgh and Glasgow airports, while Uisge Beatha stores were opened by Cyprus operator CTC-ARI at Pafos and Larnaca airports in April 2007.

France is the largest export volume market for scotch in the world, showing 22% growth overall in 2008, and Paris Charles de Gaulle is another airport where retailers take scotch whisky seriously. Singapore Changi has an in-store tasting bar, while Brussels airport now offers an excellent selection courtesy of its Epicure outlet.

For consumers there is the very obvious attraction, in many instances, of bagging a bargain, but there is much



more to it than that. Michael Cochram is Scotch brand director for Beam Global Spirits & Wine, owner of the Islay malt Laphroaig. He explains: "Duty free is a chance for consumers to try different expressions of our whiskies, it's a great showcase for the range and you have the opportunity to educate consumers, to talk to them, and even offer tastings. They often have more time to shop at an airport, for example, than they might usually have.

Duty free, adds Cochram, is also important as a way of getting distribution in places where it can be difficult to gain exposure, such as South Korea or China: "There are good duty free outlets in Beijing, so it's a great opportunity to get exposure in markets like that," he says.

## Departure from the norm

In creating duty free exclusive bottlings, producers often take the opportunity to stray slightly from the perceived brand character, in the case of Laphroaig, adding a sherry wood dimension not seen too frequently in



**Above: Diageo's super-premium The John Walker retails for in the region of \$3,000**

Shutterstock



“standard” offerings.

Laphroaig Triple Wood was launched as a duty free exclusive last year. The whisky begins its period of maturation in bourbon casks, then spends additional time in smaller, quarter casks before being filled into oloroso sherry casks for its final period of ageing.

One significant point regarding duty free is made by Luke Tegner, brand director for The Glenrothes, a Speyside single malt that has enjoyed impressive growth during recent years in a range of international markets.

“Malt whisky is the number one category of spirits in the duty free sector,” he says. “Overall, airline passenger numbers have fallen, but duty free sales continue to grow.

“Consumers in duty free outlets now expect to find something

there that they can’t get at home – something to discover, something a bit different. And pricing is also an issue. It’s difficult to organise prices so you aren’t undercutting yourself, as it were, and we didn’t want to be selling off the Glenrothes ‘crown jewels’ at lower prices. It’s not good for the image and it also affects profitability.”

So the company developed an exclusive bottling, The Glenrothes Robur Reserve, which contains a higher proportion of whisky from European oak ex-sherry casks than The Glenrothes Select Reserve. “Essentially, it’s spicier and more sherried,” says Tegner. “It has been a great success and has opened up new trade channels for us.”

As with Laphroaig Triple Wood and The Glenrothes Robur Reserve, a number of other producers have seized the



## Scotch premiums

opportunities presented by the duty free arena to provide expressions of their brands that differ in style quite significantly from their usual bottlings.

Ian Macleod Distillers developed its Burnfoot version of Glengoyne single malt exclusively for duty free, presenting it in imaginative and contemporary packaging which has just been redesigned and relaunched. Macleod's marketing director, Iain Weir, says of Burnfoot that: "Using a healthy percentage of first fill sherry casks, it offers a slightly smoother and sweeter taste than certain other variants in the Glengoyne range, but at the same time retains the distinctive qualities and depth of the whisky. It is therefore ideally positioned to appeal directly to whisky drinkers new to the Glengoyne brand."

The lack of an age statement is common to a number of duty free-exclusive malt whiskies, including those mentioned above, as well as Glenmorangie's recently introduced Sonnalta PX. Here, the use of distinctive Pedro Ximenez sherry casks for a period of "finishing" makes this a notably different style of Glenmorangie. It is described by Dr Bill Lumsden, head of distilling and whisky creation for The Glenmorangie Company, as: "...an extraordinarily rich, dark and absorbing malt whisky."

### Part of the family

When it comes to Scotch whisky blends, Edrington's The Famous Grouse has enjoyed the status of being the fastest growing category brand in duty free markets of late and, rather than just tempt consumers with something a little different from the norm – a slightly tangential take on an existing favourite – the team behind The Famous Grouse chose to try something truly radical for the duty free sector.

In August 2008 they launched The Snow Grouse – that rarest of beasts, a blended grain whisky. Presented in a decidedly vodka-like, frost-effect bottle, its producers boast that The Snow Grouse has been "Smoothchill filtered".

Following its success in duty free outlets, The Snow Grouse has recently started to gain wider

Duty free is one of the top three or four markets for The Macallan. It's not just a showcase these days, it offers strong sales

**Ken Grier, director of malts for The Edrington Group**



**Edrington's Derek Brown: "We have invested heavily in The Snow Grouse in duty free markets, a great opportunity to try things out"**



**Bill Lumsden with a glass of Glenmorangie Sonnalta: "... an extraordinarily rich, dark and absorbing malt whisky"**

distribution, and Edrington brand heritage director Derek Brown notes: "We have invested heavily in The Snow Grouse in duty free markets, and we recognise duty free is a great opportunity to try things out. We saw room to extend our Famous Grouse portfolio there, and it was always our intention to increase the reach of Snow Grouse if it did well in duty free.

"From the point of view of blended Scotch whisky I think The Snow Grouse is a great opportunity to talk about grain whisky, and specifically about blended grains. I'm delighted that the response to The Snow Grouse has allowed us to show that grain whisky isn't necessarily a poor relation. Served cold, as recommended, it changes the perception of consumers. You don't smell much, but you taste the flavour, the light and delicate nature."

The Edrington stable also embraces The Macallan single malt, which has long enjoyed extremely strong sales in duty free outlets, and is currently the second-best-selling malt behind Glenfiddich in terms of volume. Accordingly, the brand has gone so far

as to introduce an entire range of whiskies exclusive to duty free.

Ken Grier, director of malts for The Edrington Group, notes: "Duty free is one of the top three or four markets for The Macallan. It's not just a showcase these days, it offers strong sales. Duty free is terribly important to us because we have aspirations to be the one true luxury brand in the whisky sector."

Echoing Laphroaig's Michael Cochran and The Glenrothes' Luke Tegner, Grier declares: "It's appealing to retailers and consumers alike to have something exclusive in duty free. Our first Macallan exclusive was the 12 Year Old Elegancia, then, at the TFWA World Exhibition in Cannes last year, we launched the 1824 Collection. It comprises four expressions, each of which has its own character, and together they tell the overall story of The Macallan. Each whisky has to be great in the glass, especially as they don't carry age statements."

The 1824 Collection comprises Select Oak, Whisky Maker's Edition, Estate Reserve and the 1824 Limited Edition Decanter, with the Decanter ▶



## Scotch premiums

variant just becoming available this month. The entry level Select Oak retails for around \$50, while the 1824 Decanter sells for some \$2,000.

Edrington takes a more traditional approach to duty free-exclusive bottlings with its Highland Park single malt from Orkney. Ken Grier says: "Many of the older expressions do well in duty free, especially the 30 and 40 Year Olds, but we also offer 16 and 21 Year Old exclusives there, and have recently launched a 1997 Vintage. Duty free is one of the top three markets for Highland Park."



### Top-flight stars

Glenfiddich tends to rely on its wide range of non-exclusive aged expressions to maintain the premier spot in duty free malt sales, but the occasional exclusive bottling does appear, including a Private Vintage 1973, produced to mark last year's opening of Heathrow

Airport's Terminal 5. Exclusive to World of Whisky outlets, just 177 bottles were released, each with a £1,000 price tag.

Another well-established duty free player for whom "vintages" and age statements are extremely important is Dalmore and, at the very top end of the exclusivity spectrum, this month sees the launch of a single cask bottling of 1951 spirit and a 58 Year Old expression. The former, named Sirius, is presented in just 10 decanters, exclusive to World of Whisky and retailing in the region of £10,000, while 30 decanters of the latter, named Selene, will enjoy wider duty free/travel retail distribution and have a price tag of around £8,200.

It is not just malts that may enjoy such "superstar" status, of course. Diageo's Johnnie Walker super-premium expressions are already firmly established as top-sellers in the duty free arena, with Blue Label and Blue Label King George V (launched in 2007) being the flag-bearers. However, the Diageo-owned brand is not content to rest on its laurels, and last month released the most exclusive Johnnie Walker ever produced, namely The John Walker.

Retailing in the region of \$3,000, making it the highest priced line in Diageo's entire drinks portfolio, The John Walker is described by its producers as "...the pinnacle of the revered Blue Label marque... the latest and most exquisite addition to the Johnnie Walker Blue Label portfolio".

It comprises spirit from just six malt and three grain distilleries, all of which were operational



during the lifetime of the original John Walker, during the first half of the 19th century. As a Diageo spokesperson explains, after initial blending, "...the whiskies then come together for a second and final maturation to marry the blend in a 100-year-old wood cask. Each single barrel batch (no two batches will ever be exactly the same) fills just 330 individually numbered, hand-blown Baccarat crystal decanters."

### Traveller's treat

While Diageo has gambled on offering expensive duty free, super-premium blend exclusives

Many of the older expressions do well in duty free, especially the 30 and 40 Year Olds, but we also offer 16 and 21 Year Olds, which are exclusive there

**Ken Grier, director of malts for The Edrington Group**



**Master blender Jim Beveridge created the most exclusive Johnnie Walker expression, The John Walker**

such as Johnnie Walker Blue Label without age statements – much like The Macallan with its 1824 Collection in the duty free malt sector – chief rival Chivas Bros has a rather more traditional perspective.

Robin Johnston, regional director global duty free, takes the same stance as The Macallan's Ken Grier, saying: "We see the liquid as crucial, as it is important for the category to be honest with the consumer and give them value."

However, he adds: "That's why we offer aged references with real, guaranteed aged statements

**Premium whisky upwards accounts for more than half the total Scotch whisky market – the more premium you go, the higher the duty free share**  
**Robin Johnston, Chivas Brothers regional director global duty free**

so that consumers know what they are getting. We have also won an unrivalled number of awards for the quality of our products and we are very happy often to offer in-store tasting."

Although Chivas Bros tends not to market duty free exclusive bottlings of its super-premium Chivas Regal, Ballantine's and Royal Salute blends, the sector is crucially important to the company.


Pointing out that "premium whisky upwards accounts for more than half the total Scotch whisky market", Johnston notes: "...the more premium you go, the higher the duty free share is."

Chivas Bros' blended bestsellers in duty free include the Royal Salute range and Chivas Regal 18 and 25 Year Old, with Robin Johnston saying: "Chivas 18 Year Old's status as the world's leading ultra-premium Scotch is also reflected in duty free, where it has trebled its volume since 2001."

He adds: "We also have excellent businesses for Ballantine's 17, 21 and 30 Year Olds," pointing out that duty free is notably important to premium expressions of a brand like Ballantine's, which "leads the sector in Asia, where duty free plays a major role in the consumption of premium brands with key consumers, including



Koreans, both domestically and when travelling."

For the rest of us, duty free offers opportunities to spend more time than would normally be deemed healthy looking lovingly at whisky bottles, perhaps enjoying a sip or two of the product, and winking out previously unknown expressions to take home and savour at the end of our travels. 

# Is the party over?

Champagne has seen a reversal in its fortunes as the global economy leaves consumers little reason to celebrate. But David Williams finds stirrings of optimism among the Champenois

Just over a year ago, if you'd spoken to anyone in the French wine industry about Champagne the responses would have been tinged with jealousy.

Where French wine as a whole was continuing its seemingly inexorable slide in exports, the Champenois were smugly reflecting on how on earth they were going to meet growing demand across the world. If they had a dilemma, it concerned how they were going to allocate their precious stocks while they waited for the proposed revision (or expansion) of the Champagne appellation to be ratified.

Things are, to put it mildly, a little different now. As the global financial crisis took hold, Champagne sales came crashing to earth like Lehmann Brothers stocks.

And, while nobody in the rest of the French wine industry is going to be happy about the recent announcement (by the Fédération des Exportateurs de Vins et Spiritueux) that total exports from the country were down by 23% in the first six months of 2009, at least struggling producers in the Languedoc or Bordeaux no longer have to put up with any gloating from their counterparts up north. The FEVS figures showed Champagne had the worst performance of any French wine region: shedding 45% of its value in the year to July.

You don't have to try too hard to find a reason for why fizz has gone flat. As Renaud Gaillard of FEVS says: "Champagne is a luxury product and, like all luxury industries in general at the moment, it has been affected by the crisis. Consumers are looking after their wallets now."



Or as Terence Kenny, export director for Champagne Pannier, puts it more colourfully: "It's the same as it was in the early 1990s. There may be people with lots of money, but they don't want to show it off. It's simple: nobody wants to piss off the guy next to them in the restaurant."

## Going round in circles

Like many others, Kenny believes the current situation is merely part of the boom-and-bust cycle to which Champagne – and the western economy – has always been prone. "It's cyclical," Kenny says. "You can look at a graph of Champagne sales going back in history and you can see exactly where the stock market has slumped. There have been studies on this very subject." (See graph, far right.)

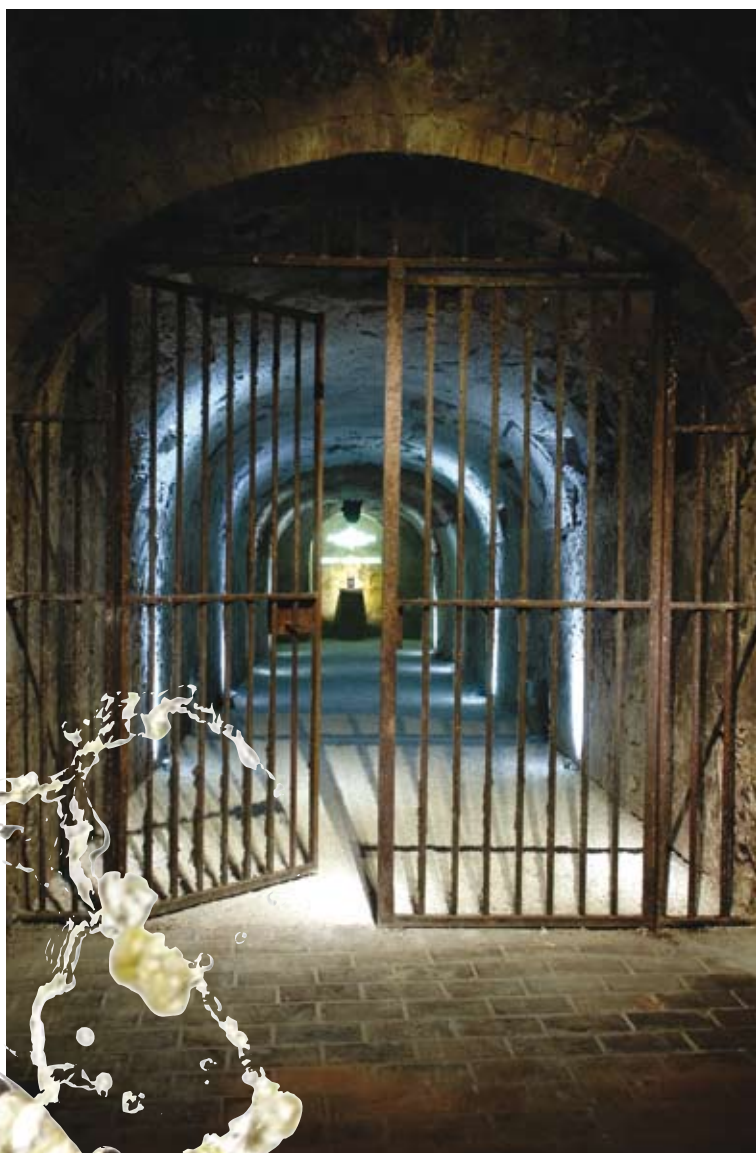
But the fact that sales are cyclical and crises inevitable doesn't make those crises any easier to endure when you're in the midst of them. And you certainly get the feeling that the Champenois have been taken aback by the savagery of the current slump. As Ghislain de Montgolfier, president of both the Union of Champagne Houses and Champagne Bollinger says: "It has been particularly violent, which is why we have

no other choice but to adapt to the circumstances."

By "adapt" de Montgolfier means a radical reduction in permitted yields for the 2009 harvest, which began mid-September. De Montgolfier and his organisation wanted to see yields slashed by almost half, from last year's 13,000kg per hectare to 7,500kg/ha, whereas the Union of Champagne Growers was targeting a figure of 10,500kg/ha. Growers president Patrick le Brun argued this figure would mean the burden on the industry caused by the fall in sales would be shared between the growers and the houses.

In the end, a compromise has been reached,





**De Montgolfier (far left) would like yields slashed by half, while Ligeron points out that people “can live without champagne”**



**All looks tranquil at Clos du Mesnil (far left). Some houses are worried about adding too much stock to what is already in their cellars**

Taittinger in the UK, the largest Champagne export market, is one of those optimists. “The Champagne market is still down – by 14% in the off-trade and slightly more in the on-trade,” Murray says. “However, this is a better picture than earlier on this year so, although the market’s down, there are some green shoots.

“I would expect it to be at least another 12 months before we start to say the market has recovered and even then I don’t believe it will be to the previous levels as customers and consumers remain cautious,” Murray continues. “But the market will turn around and we will see it grow once more, although it will not be so extreme as the last decade – growth will be more considered. Champagne brands with authenticity, provenance and genuine credentials will stabilise as customers come back looking for quality and familiar names.”

Paul Beavis, managing director of Lanson UK, takes a similar view. “The first four or five months of this year were always going to be challenging, because we were coming off the back of a really big year for Champagne [in 2008] and consumer confidence was so low,” he says. “But in the past eight weeks things have picked up. The off-premise is giving more shelf space to Champagne. In the on-premise, ▶

with permitted yield limits of 8,000kg/ha for the Champagne houses and 9,700kg/ha for the growers. The houses’ additional “qualitative reserve” allowance (used for making the reserve wines or to produce extra bottles in future if there is a surge in demand) has been set at 4,300kg/ha.

the region in the wake of such a dramatic turnaround in its fortunes (both 2007 and 2008 had seen record exports from the region).

But it’s not all doom and gloom in Reims and Epernay. Indeed, for some of the more Darwinian Champenois, the current crisis represents an opportunity to remake the region, as underperforming brands fall away in a more competitive market.

Others argue that a combination of the reduction in yields and the fact producers will be forced to hold on to their stocks of Champagne longer before they release them will lead to better quality wine finding its way into the market.

Finally, there is also the widespread hope that, as and when Champagne does begin to recover, the market will find some much-needed stability.

Lynn Murray, who looks after Champagne

### Green shoots

The battle over yields is just the most visible sign of the tensions that have inevitably arisen in

those customers who are willing to work with the trade on a fair percentage margin are starting to pick up. And the conversations are changing: six months ago no-one was interested, now they're starting to talk to us again."

"I think it's a good thing that the hype of the market is disappearing," adds Charles Philipponnat of the eponymous house. "What I believe is called 'bling' is not so important now. What's going away is the foam on top of the glass. But the base of the market is there."

Pannier's Kenny, meanwhile, stresses that champagne has been here before. "OK, it took us five to six years to get back the last time we had a situation like this, but champagne has such a long history. You can't get involved in the champagne business without a long-term plan, it takes a long time to build a brand, and you have to be prepared for the different market conditions. In any case, a lot of the brands were selling [their champagne] too young, so you're going to see a lot of bottle age out there now. I see opportunities everywhere."

## Fall in prestige

Kenny may well be right, but it's hard to imagine he sees many opportunities at the very top of the market. Certainly, prestige cuvées do seem to have taken the biggest sales hit in the past year. As Paul Beavis says: "To be really frank, it's having a tougher time than any other channel. It's not a disaster, but [sales are] very sporadic and focused on the top-end on-trade, which is struggling. People are looking for value."

Beavis believes Lanson's new release, Lanson Extra Age, offers a much more realistic way of

getting consumers to trade up than another \$500 cuvée. "We've launched it in time to celebrate our 250th anniversary," Beavis explains, "and the idea is that it's filling a gap between prestige and vintage. It's a multi-vintage blend, with wines from 2000, 2001 and 2003, and it ties in with what we're trying to do in all our work with Lanson at the moment, which is to talk about the style of the wine, the fact that it's made without malolactic fermentation. The idea is to try that style with some extra age."

Not that everyone believes the prestige cuvée category should be put on ice until the economy gets better. Champagne Cattier clearly doesn't: this summer the company launched the latest addition to rapper Jay-Z's favourite champagne range, Armand de Brignac. The Blanc de Blancs has the credit crunch-busting suggested retail price of £400 in the UK.

Others, too, have had a measure of success in the sector. "The premium end has suffered the most, but working in partnership with our customers we have mitigated a lot of the downturn the total category has seen," says Colin

Cameron, commercial manager, champagne, for Percy Fox, which looks after Vranken Pommery Monopole in the UK.

"This market has been effected to the same degree as the rest of the champagne market," adds Lynn Murray. "But there are still consumers who look for quality, premium wines and we find there is still interest in [Taittinger's prestige cuvée] Comtes de Champagne among its loyal consumer base. Prestige cuvées are still very important for our sales mix."

All the same, it's hard to imagine prestige cuvées are at the forefront of most brands' current thinking. As Champagne Gosset's marketing director Patrick Ligeron says: "People in the world are more worried about whether they can afford to have a car. They can survive without champagne. They have different priorities now."

As, indeed, do the Champenois.



### Champagne exports to end Dec 2008 (growth compared to 2007)

France	181,209,546 bottles	-3.59%
Export	141,244,306 bottles	-6.37
Total	322,453,852 bottles	-4.82%

### Champagne exports Jan-end June 2009 (growth compared to 2008)

France	62,401,638 bottles	-5.53%
Export	33,638,887 bottles	-36.43%
Total	96,040,525 bottles	-19.27%

Source: CIVC

## Travel retail channels opportunities

As champagne endures its worst sales performance since the turn of the Millennium, producers are working harder than usual to find areas to grow their business. And one area they have identified is travel retail.

Not that they've been finding the sector any easier than the rest of the market in 2009. "Travel retail is an important channel for us in terms of brand awareness and sales and, although consumers are still buying Champagne in this sector, it too has seen a decline reflecting the general market – no sector has been recession-proof," says Lynn Murray, brand manager for Taittinger in the UK.

All the same, Murray adds: "Champagne and classic wines such as known names from Burgundy do well in travel retail. Consumers still want to be able to treat themselves and can often get good value for quality in travel retail."

According to Paul Beavis, managing director of Champagne Lanson UK, it's not an easy market to get right. "You need to think about the position you take in a given airport. If you're in the US airports, then it's not so price sensitive, so a lot of it's about packaging and image. For European fliers, it's much more about price or value, so twinpacks are a good idea."

"You also have to get your gifting strategy right," says

Beavis. "You've got to have some theatre there, and it's got to be a value-added package. It's easy to get carried away with boxes, but you've got to think about how useful they are. You want to come up with something that people can keep and use again."

Which is what Lanson has done with its latest packaging initiative, featuring a bottle chiller, to be on display at the Tax Free World Exhibition this month.

Another brand looking to make the most of travel retail is Nicolas Feuillatte. The co-operative-owned brand will be using the Cannes TFWE to launch its latest wine, Cuvée 225 Rosé 2004, based on a blend of different crus, each aged separately in oak before going into bottle for the second fermentation.

Feuillatte will be using Cannes to launch its take on reusable packaging – black, lacquered wood boxes which contain two bottles of either Palmes d'Or Brut or Palmes d'Or Rosé and which double up as either a case for writing paper or a jewellery box.



# Cannes heat

The Tax Free World Association's prestigious world exhibition opens in Cannes, France on Sunday October 18. Over the next few pages, Christian Davis previews what exhibitors will be showing and what the conference speakers will be talking about, while Joe Bates profiles some of the sector's most important buyers



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## Exhibitor news

### Rémy unveils Louis XIII

Remy Cointreau Global Travel Retail will unveil what it claims is the undisputed jewel in the company's crown – Louis XIII de Rémy Martin.

It is said to be a blend of 1,200 eaux-de-vie aged between 40 and 100 years, all from the Grande Champagne region. It comes in a baroque crystal decanter with a fleur-de-lys stopper. Inspired by Art Deco, it is packed in a red imitation leather and dark wood case with a multifaceted mirror inside. It was previewed in Chinese domestic markets in June.

### Royal Legacy from Drambuie

The Drambuie Company will be launching its new cask infused malt whisky liqueur – The Royal Legacy of 1745.

The introduction coincides with the centenary of the first commercial bottling of Drambuie in Edinburgh in 1909.

1745 is said to be a “sublime interpretation of the original royal spirit enjoyed by Bonnie Prince Charlie in 1745” with his secret elixir of exotic herbs and spices sourced from around the globe unchanged for 260 years.

Aged in cask for at least six months, the organic oils and sugars are softened.

Presented in an embossed decanter with a weighty gold stopper, each bottle will be signed, dated and numbered by Drambuie's master blender.

Drambuie marketing director Miranda Rennie said: “The Royal Legacy of 1745 is a super-premium product ideally suited to the exclusive travel retail market.

“The embossed decanter and high quality presentation case guarantees shelf standout that will appeal directly to both committed Drambuie followers and new markets.”

The Royal Legacy of 1745 is available exclusively through select international travel retail outlets (70cl, 46% abv, TR RSP of £125/€159/US\$229) and will be on display with samples available at stand RF9, Riviera Village.

### Cooley unveils new look Connemara

Cooley Distillery, which claims to be Ireland's only independent whiskey distillery, will unveil new branding for its Connemara range of Peated Single Malt Irish whiskeys.

Connemara is said to be the most decorated Irish whiskey over the past decade, winning more than 20 gold medals from international spirits competitions. Included among these accolades was the awarding of the World's Best Irish Single Malt titles in 2008 and 2009. ▶



## Conference & workshops programme

Monday 19 October 2009, 09:00-11:15

Grand Auditorium (Level 1), Palais des Festivals

Complimentary access to all badge holders

### The Challenge of change: investing in people and mankind

#### State of the Industry: 25 years 'by the trade – for the trade'



Erik Juul-Mortensen (left), TFWA president, will look at global political and macro economic factors which will have a decisive influence on the shape of the industry in the years ahead, focusing in particular at current economic issues and their immediate impact.

#### The Economic Perspective

Jacques Attali, president, French Reform Commission, will give a sociological and economic perspective of society, human behaviour and the cyclical nature of economies and economic trends, looking at the historical pattern and projecting into the future.

#### An Industry Vision

William P Lauder, executive chairman, The Estée Lauder Companies, will provide an inspiring message on 'investing in people and mankind', touching on the importance of strong motivation and collaboration with employees, particularly in tough economic times.

#### The Human Dimension

Bob Geldof, humanitarian and former leader of the Boomtown Rats, will offer a 'bigger picture' approach and challenge industry delegates to act more responsibly, stressing that the responsibility does not have to lie with the corporations alone, but individuals within every company can make a difference.



Tuesday 20 October 2009, 08:00-09:00

Riviera Beach (The Scene tent)

#### Personalising the inflight shopping experience

Clive Humby, chairman, DunnHumby, will ask what commercial use do airlines, with all the passenger data including frequent flyer cards, use to promote inflight duty free sales? He suggests: Little, if any.

Wednesday 21 October 2009

08:00 09:15

Riviera Beach (The Scene tent)

#### The Korean Miracle

Martin Roll, CEO of VentureRepublic, will discuss the advantages and weaknesses for a luxury brand to be distributed into the duty free and travel retail market in Korea. A profound understanding of Korean customs and consumer behaviour will also be discussed to help brands create and execute a successful brand marketing strategy to Korean consumers.

## TFWA exhibition

To coincide with the new packaging, Cooley has extended the range to include a Small Batch Collection series. The first release from the collection is a 46% abv Connemara finished in sherry casks to impart depth and flavours to the whiskey.

### Feuillatte shows off new vintage rosé cuvée

Champagne Nicolas Feuillatte is unveiling the 2004 Vintage Cuvée Rosé. It will also show its 2000 Vintage Grands Crus, and the Palmes d'Or gift box for two bottles of its 1998 Palmes d'Or Brut and two bottles of 2003 Vintage Palmes d'Or Rosé.



### Fonbelle unveils tasting box

François de Fonbelle will be unveiling its new wine tasting box, Oenova.

Five Bordeaux appellations – Saint Emilion, Graves, Médoc, Bordeaux Blanc and Bordeaux Rouge – have been “selected for customers’ delight”.

The company says: “The 50ml bottles have been especially designed to preserve the wine from alteration and to ensure its quality and taste.”

Fonbelle director Rodolphe Grosset claims that this concept is so far a great success.

### Magloire targets TR with its calvados

Pere Magloire, the leading producer of Calavados, the famous French apple brandy, says it is developing its presence in duty free, travel retail and specifically cruise lines, hence its presence at TFWA Cannes. It will be majoring on its medal-winning VSOP and XO brandies.

### Casa Sagatiba debuts

Sagatiba, the cachaça brand, is exhibition in Cannes for the first time.

Distilled from fresh sugar cane juice, Sagatiba claims to be the world’s best selling premium cachaça brand, representing the “puro espírito do Brasil”. It has its stand, B2 in the Blue Village, and then in the evening it has a “Brasilia-style lounge bar and garden”. For an invitation, you need to go to the stand.

At the moment Sagatiba is



available in World Duty Free UK, Dubai duty free through Nuance

Australian and Dufry Brasil.

### Patrón shows off fruit cocktail programme

Patrón tequila will be showing retailers its consumer-focused fruit cocktail promotion. Launched this summer, it has been designed to boost awareness and prompt trial. Patrón is now listed in Toronto, Montreal, Calgary and Vancouver airports, the latter being the entry point for the forthcoming 2010 winter Olympic games.

The company will also be showcasing its other Patrón tequilas, Pyrat rums and Ultimat vodka.

### First Ireland unveils The Dubliner

First Ireland Spirits (FIS), a newcomer to the Irish Bord Bia stand in Cannes will be launching The Dubliner, an Irish whiskey liqueur.

The liqueur is said to be a blend of honeycomb, caramel and whiskey flavours married together to create the product’s eclectic taste. FIS sales & marketing director Johnny Harte said: “We have invested heavily in R&D and are proud that after two years in development we are finally able to bring The Dubliner to the market. Travel retail is an exciting market for us and we are therefore delighted to be launching the brand at the TFWA this year.”

FIS’s Feeney’s Irish Cream liqueur is a familiar brand in Irish airports, while the company is also a part owner of well-

known brand Brogan’s Irish Cream – available in Original, Vanilla, Mint and Creme Caramel flavours. Both brands will also be featured on the stand.

### Vranken Pommery unveils collectors’ items

Vranken Pommery is using Cannes to officially launch its Pop Art Collector bottles into the travel retail channel. Artist Federica Matta put her signature on the 2009 limited edition bottles. Also to be unveiled is the sleeve for the Pommery Brut Royal Champagne, designed by avant garde Indian stylist, Manish Arora.



### Molinari Sambuca has its own stand

For the first time, Molinari Italia will be at the TFWA in Cannes with its own stand.

Molinari – a family-owned company founded in 1945 in Italy which claims to be the number one Sambuca producer and exporter worldwide – is looking more at the duty free (DF) and travel retail (TR) markets.

Recently appointed export manager Luigi Massetti said: “Molinari has already a great duty free distribution in Europe. We can rely on great customers such as Aldeasa, Dufry, Heinemann but there is still a lot to do.”

Molinari sees its Extra Sambuca as a



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milestone in the anis market and it is close to joining the Drinks International Millionaires Club (a million case brand).

Massetti sees this as a starting point and not the finish line. “We look forward to expanding the operations in the US and South America duty free and travel retail market as well as the Middle and Far East.”

Besides its Extra Sambuca, Molinari is producing the only 100% natural Black Sambuca, Molinari Caffè, as well as Limoncello di Capri, 100% natural Limoncello with no added colourings and aromas made by the infusion of IGP certified lemons (the “DOC” denomination of quality for lemons), handpicked on the island of Capri and a selected part of Sorrento Peninsula. Currently Molinari is exporting to more than 70 countries all over the world and claims it is ranked number one with a 33% worldwide market share (source IWSR 2008).

### Mozart distills chocolate

The Mozart Distillerie which claims to “distill chocolate” will be showing its new Mozart Dry, clear chocolate spirit with zero sugar content.

As with the original Aztec drink XOCOLATL, Mozart says that Dry is made from natural, untreated, raw materials such as cacao and vanilla and 100% distilled from premium chocolate macerate.

The company is keen to promote CHOCTails, which are mixed drinks that contain one or more genuine chocolate spirits. The first CHOCTails were simple variations on classical cocktails. A chocolate spirit was added to the classics; eg a daiquiri plus Mozart Black becomes a chocolate daiquiri.

It says with Mozart Dry as a base spirit replacing gin and vodka alike, the ultimate CHOCTails are born.



## Underberg steps up to the mark

### Underberg’s South Africa tin

Underberg, which makes the herbal digestive, is at stand K19, Red Village. Still a family business with 160 years of history, it has a five and 25-bottle Underberg pack for the duty free sector. The 25-pack now contains a bonus: a voucher to the value of 48 Underberg tops. Collect 96 Underberg tops and send them in, together with the voucher, and you will receive your own engraved Underberg tall glass.

Underberg has also commissioned a South Africa gift tin for the World Cup 2010. After Italy, Greece, Japan, Germany and Spain the 2010 embossed metal, seven-colour offset printed carton, filled with 12 Underberg portion bottles, will only be available in South Africa. The company believes it will become a collectors’ item.

### Underberg – Asbach Urbrand has perfect travel companion

Asbach Urbrand, the German brandy from Rudesheim on the Rhine, says it has the ideal travelling companion – a 0.5-litre bottle now available in PET.

It also has the Asbach pocket bottle 0.1-litre, closed with an original cork plus drinking cup. It comes in a display carton of 12 x 0.1-litre bottles.

The Asbach Spezial brand 12 Year Old’s new look has been developed for duty free and travel retail.

### Underberg – Pitú – Caipimax Turbo

Pitú is a Brazilian spirit distilled from what it claims is the best and purest sugar cane juice. Pitú is said to be an ideal base for a premium Caipirinha.

Its latest tool, the Pitú Caipimax Turbo, which cuts the lime into eight pieces in one go and pestles them, will be on show. The company describes it as a machine “by professionals for professionals”.

### Underberg – Grasovka moves to PET

Polish vodka Grasovka claims to be the only vodka with a real blade of hand picked bison grass in every bottle. Its 0.5l bottle is now available in PET.

### Underberg – Blanc Foussy has new grande cuvée

Blanc Foussy will be showing its new Brut Grande Cuvée vintage 2007, AOC Touraine (75% Chenin, 25% Chardonnay). There is also a Crémant de Loire Blanc Foussy Rosé, AOC Crémant de Loire.

Blanc Foussy is also available in two different Cellophane wraps – with hearts or the origin peacock, the key visual of Blanc Foussy. The bottle, packaged in Cellophane wrapping, is said to be eye-catching and also a present suitable for many occasions.

### Underberg – Pêcher Mignon gets a new look

Pêcher Mignon, the 15% abv Peach liqueur, has a new 50cl bottle (pictured).

### Underberg – Schlumberger’s magnum force

Schlumberger, the Austrian sparkling wine producer, says its White Secco is now available in a 1.5 litre magnum bottle.

It says the design has been optimised to: make the brand name easier to read and give the Schlumberger bottle a more striking, premium appearance. Also on show will be recent introduction Golden Day, a dry, aromatic sparkler with notes of apple and elderberry.

### Underberg – Rossbacher new look and new bottle

The Austrian herbal specialty range has a new look. The labels have a more dynamic and younger appearance. There is also the new Rossbacher horseshoe bottle.

### Underberg – Amarula, new bottle size, packaging and limited edition

Amarula has a new pack for the winter. The Amarula lantern with a bottle is aimed at the Christmas market. To celebrate the World Cup coming to South Africa, Amarula, which is an official FIFA licensed brand for the 2010 World Cup, has a limited edition pack. It has also launched a 0.5-litre travel PET bottle.





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## Tony Detter, managing director, Inflight Sales Group Hong Kong



As if anybody in the duty-free world needed reminding, the global aviation business is facing the bleakest year in its history. The credit crunch, combined with rising fuel costs, have hit passenger numbers and profit margins hard. According to the International Air Transport Association (IATA), losses for 2009 could reach a staggering \$9bn. And IATA predicts it could take up to three years for the industry to recover.

With losses expected to total \$3.3bn this year, Asia/Pacific has not proved immune to the crisis. The threat of swine flu has had a particularly severe impact on regional travel patterns, especially among the Japanese, who, while no longer Asia's biggest duty-free shoppers (that title now belongs to the mainland Chinese), remain consistent spenders.

Inflight Sales Group Hong Kong (ISG HK), one of Asia's largest in-flight duty-free concessionaires, has been working hard to mitigate the worst effects of the crisis. According to managing director Tony Detter (pictured), costs have been cut wherever possible but, crucially, investment in onboard marketing and promotions has been maintained.

In product categories such as jewellery, gifts, small leather goods and fragrances the company's efforts have paid off. These sectors have all seen strong sales growth, but liquor (which accounts for 10% of ISG HK's total turnover) lost 1.5% of its market share in 2009 with sales of aged liquor products affected particularly badly.

The main reason behind this performance is a shift in regional passenger traffic away from the business sector. As scheduled airlines have slashed prices to fill seats, less well-heeled travellers, who would previously only have been able to fly on low-cost carriers if at all, have become more prevalent. Vintage French wines and aged spirits aren't top of their shopping list.

"You can't read a trade publication now without mention of the significant erosion in first and business class travel," says Detter. "This clearly ties in more closely with sales of premium brands. Sales on most luxury/premium items are down by 25% in 2009, and many have performed even more poorly. So ISG began a strategy focused on more entry and mid-level price points and bridge brands."

The trade-down trend is apparent among the mainland Chinese, according to Detter, many of whom are now opting to buy VSOP rather than XO Cognacs onboard, and choosing 12-18 Year Old blended Scotch whiskies rather than older, deluxe blends.

On a brighter note, Detter says suppliers have responded well to the challenging climate. "Brands are being quite supportive and are offering quite a few premiums for the passengers and supporting cabin crew incentive programmes. I think we can't expect much more from this group of suppliers currently."

Another reason for optimism is the star liquor product lines for ISG HK in 2009 have remained

the same as last year and indicate that the traditional Asian preference for quality, prestige and luxury is far from dead. Top sellers include Rémy Martin XO, Chivas Regal Royal Salute 21 Year Old, and Johnnie Walker Blue Label.

There also remains an appetite for duty free exclusive, rare and limited edition lines, with products such as Chivas Regal 25 Year Old and Johnnie Walker Blue Label King George V stocked on several of ISG HK's in-flight duty-free programmes. Higher up the luxury ladder, Cathay Pacific's Beyond Duty Free pre-order, home delivery service includes Ardbeg Double Barrel, which comprises two bottles of single

### Detter – cont

cask Ardbeg 1974, eight solid silver drinking cups presented in a hand-stitched leather gun case, and the Krug Escape Artist Collection picnic trunk, which contains two bottles of Krug Grand Cuvée, four Baccarat crystal glass and a secret drawer of card games. Both of these products are priced at over \$24,000.

Given the restraints of weight and space, as well as the safety concerns of onboard breakages, Detter believes home delivery services options

offer real promise for the in-flight liquor business. Local red tape can get in the way of offering wines and spirits for home delivery in every Asian country, Detter acknowledges, but where it is allowed in places such as in Hong Kong, the results have been encouraging.

“Recent changes to Hong Kong regulations now allow us to offer fine French wine much more easily,” Detter says. “Hong Kong is expected to overtake London as the number two

location for wine auctions in the world, and is closing in on New York. We expect that trend to continue and we’ll revisit our Beyond Duty Free offering of fine wines in the first quarter of 2010.”

ISG HK is certainly battling through tough times, but the in-flight concessionaire’s continued stocking of high-end spirit and wines, suggests the in-flight duty-free liquor business can survive this current period of turbulence and prosper when better times return.

## Rob Norris, chief executive officer, Starboard

In the 1960s heyday of the cruise ship industry, cruises were strictly for those with deep pockets. As ships sailed from one sun-drenched locale to another, passengers had the money to while away their time onboard in style, whether it was at the roulette table, in the champagne and caviar bars, or in the onboard duty free stores.

Some four decades later a cruise is no longer the reserve of the rich or the over 50s. Despite the credit crunch, US-based Cruise Lines International Association (CLIA) predicts 13.5m people will go on a cruise this year, up 2.3% on last year. Passenger numbers have grown by an annual average of 7.4% since 1980, and this year alone another 14 cruise ships worth \$4.8bn will come into service.

The democratisation of the cruise holiday has brought challenges, however, especially for companies such as Florida-based Starboard Cruise Services, the world’s largest onboard duty-free concessionaire, which supplies and runs stores onboard Carnival, Royal Caribbean, Costa, Celebrity, Holland America and Celebrity. Put simply, the problem is this: there may be more passengers onboard, but they have less money to spend, a trend exacerbated by the economic crisis.

Starboard, part of French luxury goods group LVMH Moët Hennessy Louis Vuitton since 2000, is facing the toughest year in its 51-year history. “The global economy has forced the cruise industry to reset its pricing strategy,” chief executive Rob Norris (right) explains. “Cruise lines are transporting the same number or, in some cases, more passengers than the prior year but at discount rates. In turn, the passenger who has paid less and is frugal because of the economy, will spend less on discretionary goods and services. This has a direct impact on the average spend in the bars, casinos and in the shops.”

On a more positive note, liquor, which accounts for 8-16% of total onboard retail sales, depending on the ship’s destination, has been better placed to weather the storm than higher-priced categories such as fashion and jewellery. Interestingly, Norris explains the size of onboard liquor shops is not crucial for high volume sales as regulations only allow passengers to receive their purchases at the end of their voyage.

“It is new merchandising methods, seminars, tasting booths and specific training of dedicated [sales] employees that are going to increase liquor sales,” he argues.

One new method being trialled by Starboard is cross promotions between a ship’s bars and its onboard stores. “We are partnering with cruise lines on ideas to exploit this, such as a ‘drink of the day’ being featured in the onboard bar and that specific liquor also being featured as a promotion in the shop.”

US passengers account for about 85% of Starboard’s passengers, which explains why vodka and tequila are the company’s two fastest-growing liquor sub-categories. European nationalities such as the British, Italians and the French are also important customer groups, but the best duty-free spenders, the South Americans and mainland Chinese, make up only a tiny percentage of the customer mix.

Norris admits the most undeveloped liquor category is wine and Starboard plans to revamp its onboard selection later this autumn on selected ships before a wider international roll out. Specific details are being kept under wraps.

Cruise lines introduce new routes every year to attract repeat bookings, but although Dubai, Mumbai, Mozambique, Japan and Indonesia are tipped to be hot ports of call this year, the Caribbean, Europe and Alaska remain the



### Norris: Wine underdeveloped

dominant markets. From the perspective of an onboard liquor retailer such as Starboard, the Caribbean presents the biggest challenge of any region as many of the small, independent shops on the individual islands often slash prices on key spirit lines to drive footfall into their stores.

In these value-conscious times Norris says Starboard and its cruise ship partners have no choice but to compete on price. “We definitely want to stay competitive with all the stores on the islands,” he insists. “In fact, we promote our price match guarantee onboard with the guests.”

Starboard, then is doing all it can to ride out the tough market conditions, which Norris believes, could last up to a year. Customers have certainly become more value conscious, but this has benefited the company’s liquor [and tobacco] businesses, as passengers look to make duty-free savings. There has been a shift towards value brands, but the category has not lost any of its importance in the product mix.

## Nigel Sands, buyer, World Duty Free

Nigel Sands has worked as a buyer for the UK's biggest airport retailer World Duty Free (WDF) since the turn of the century. A decade is a long, long time in the fast-paced world of duty free and travel retail. The past 10 years have seen the industry battle the travel downturn following the September 11 terrorist attacks; navigate the disruption caused by airport security regulations on liquids, aerosols and gels introduced in 2006 and, most recently, cope with an unprecedented global economic crisis.

It has been a decade of change for Sands and his employer too. Sands started his career at WDF in 2000 as an assistant sunglasses buyer before spending two years as a buying manager for food and confectionery and finally being promoted this year to category head of liquor.

As for WDF, it changed hands early last March when Italian retail and catering giant Autogrill purchased the company from airport operator BAA for £546.6m. WDF's airport store network, which is concentrated at the major London and Scottish airports, most notably London Heathrow and Gatwick, has been merged with that of Autogrill-owned Alpha Retail, which has a strong regional business in airports such as Manchester,

Birmingham and Newcastle.

Sands says WDF has been busy this year extending its liquor range into Alpha's stores. "As a result we have been able to implement a consistent value campaign across the estate and launch exciting products to a wider audience. Opportunities to physically change the look and feel of the category will come as part of an ongoing [store] redevelopment programme."

Liquor has traditionally accounted for about a fifth of WDF's total sales turnover and Sands says sales have held up well this year, despite a marked decline in passenger traffic. "Passenger numbers are challenging, but we have an exciting strategy focusing on enticing passengers with new products, fantastic in-store experiences and most importantly, great value for money."

Spectacular single transactions are also still a regular occurrence with one traveller at Heathrow in late August spending an astonishing £26,000 on rare malt whiskies.

Champagne is one of the best performing liquor sub-categories at present, according to Sands, who says the sector is no longer suffering from supply problems. "It would be fair to say the depth of our champagne range is stronger



**Sands: Bringing "real emotion to the in-store experience"**

now than I can remember. Brands that will compliment our existing range have been re-introduced, particularly within the vintage and premium segments," he says.

Whisky, which accounts for about 20% of WDF's liquor sales, is also trading well. Through the company's World of Whiskies outlets (at Heathrow, Gatwick, Stansted, Edinburgh and Glasgow), the company has had success with its exclusive single cask expressions from brands such as Bowmore and an exclusive launch from Aberfeldy will hit the shelves this December.

A new website dedicated to the World of Whiskies stores ([worldofwhiskies.com](http://worldofwhiskies.com)) will also go live later this year.

For brands aspiring to crack the duty-free market an initial listing with WDF can make all the difference, opening many other airport retailers' doors.

Sands has the following advice for any supplier planning to pitch their brand portfolio. "We are committed to delivering an outstanding retail experience to our customers and ensuring time spent in our stores is a special, enjoyable and inspiring part of their journey. We look to our suppliers to share this vision and help us bring real emotion to the in-store experience."



# Rising in the East

Asian markets are embracing cognac as a premium sector, even as its kudos in traditional western markets declines, reports Andrew Catchpole

It's an alluring sight as you drive through the Grande Champagne region, just south of Segonzac. Pristine rows of Ugni Blanc vines vie with sunflowers and wheat for dominance on the undulating calcareous land, before giving way to a near monoculture of vines as you approach this sedate little town in the heart of the cognac appellation.

But, more importantly, it's these vines – and the chalky white, stony soils beneath them – that power the high end of the cognac business, itself a heady mixture of fine craftsmanship and luxury aspiration that rivals the positioning of the neighbouring Grand Cru wines of Bordeaux.

While this is a centuries-old industry, stretching back to the original 17th-century (Dutch) eau-de-vie stills in the Charente, it is nonetheless an industry in flux, responding to

a fast evolving global market that continues to drive a remarkable degree of innovation.

In the past few decades, cognac has witnessed a slide in its status as the ultimate post-prandial brown spirit in its traditional western markets, while sales to emerging markets in Asia and elsewhere have boomed in line with economic growth.

Indeed, the market for global exports of cognac is now split roughly a third each between Europe, the Americas and the Far East with some of the strongest growth – recession notwithstanding – coming out of huge potential markets such as China.

And while VS still accounts for the bulk of sales in the mature markets such as the US and UK, it is the higher-end VSOP, XO and luxury cuvée spirits that are experiencing strong growth in increasingly thirsty countries in the Far East, along with Russia and other developing markets.

## Mature mix

Compounding an overall shift from brown spirits to the likes of vodka and (white) rum, in the big, established export markets such as the US – along with the UK, Germany, Scandinavia and others – the current economic crisis has contributed to an annual 14.4% slump in overall cognac sales (figs from BNIC website, to July 09).

In these markets, the focus of the BNIC and the cognac houses themselves has continued to stress the mixability of cognac as a long drink and cocktail base with marketing activities targeting bartenders and mixologists.

Mixability is a big part of our message. Cognac or brandy was used in a lot of the original cocktail recipes – as a base spirit, it has a real character

**BNIC director Jérôme Durand**



The Grand Cognac Summit in January 2008, which saw some of the world's leading bar luminaries compete to create a signature Summit cocktail, is at the heart of communication centred around reintroducing cognac to its rightful place as a widely used base spirit in a host of traditional (and modern) cocktails.

Mixing, of course, also occurs in developing markets in Asia – most notably with green tea and the odd report of XO being mixed with Château Lafite – but the concept of brand loyalty, of flagging one's sophistication with a visible bottle of expensive cognac on the table or bar, is very strong and this is where growth is currently coming from.

"Mixability is a big part of our message," says BNIC director Jérôme Durand. "Cognac or brandy was used in a lot of the original cocktail recipes. Drinks such as vodka have edged it out but, as a base spirit, it has a real character that holds its own and adds an extra dimension to the drink, and this is what we want to convey." As befits an industry whose marketing has to match such a



traditional spirit to the hip tastes of the 21st-century cocktail and bar scene, Durand cuts a very modern figure among some of the older grandees of the industry.

### All eyes on Asia

However, while the BNIC estimates that 60%-70% of cognac around the globe is drunk mixed, with the US the biggest consumer of cognac-based cocktails, Asia more typically takes its spirit on the rocks.

So, unsurprisingly, all eyes – and considerable investment – are focused on Asia, with specific product launches



**Above: Camus' Grande Champagne vineyards**

**Left: Rémy Martin's stunning Louis XIII decanter**

and especially luxury cognacs being driven into these markets and their associated global duty free outlets, in line with the growth in appetite for western-style, high-end consumption.

For example, Rémy Martin, which accounts for 17% of all cognac sold worldwide – and a remarkable 80% of fine champagne cognac (minimum 50% Grande Champagne spirit) – has a strong

focus on the markets of the Far East.

“If you take major Asian economies such as China, then you have been looking at 8%-9% economic growth over the past few years, with growing populations and growing wealth within those populations,” says Rémy marketing director Stephen Carroll. “The total Asian markets now account for a third of the global cognac market and this is still growing at 15-20% per annum.”

Carroll notes that these markets are typically brand, rather than category, focused, meaning that players the size of Rémy – with its powerful existing consumer recognition and the financial muscle to build its brand through



BNIC/Stephane Charbeau

advertising and marketing – are set to continue to dominate growing market share. However, there is clearly also room for cognac houses of all sizes to carve out a niche in these markets.

Carole Frugier, marketing director for Prince Hubert de Polignac at H Mounier, reports that, while global sales have been down over the past 20 months, there are some signs of recovery as orders pick up from distributors and retailers that have been running inventories low. What is interesting, though, is that the Far East in particular looks set once again to pick up with the kind of growth experienced before the global financial meltdown.

“If you look at the figures then the US accounts for 32.3% of all our cognac business,” says Frugier, “with Singapore the second market and China the third, with 8% of total sales. But as much as 50% of cognac into Singapore is re-exported to China, so adding Singapore and China together equals 20% of the total cognac market, so these combined markets now account for more than 50% of exports.”

Frugier reiterates the point that, while highly competitive markets such as the US are driven primarily through lower margin sales of VS, it’s a level that Polignac doesn’t sell in China, majoring on VSOP and XO to drive sales. She, along with others, also cites markets such as Hong Kong, Malaysia, Vietnam, Taiwan and South Korea, where similar patterns of high-end drinking have emerged.

### Challenging conditions

Tristan Cotté, development manager for Cognac Leyrat – and the funky-designed ABK6 brand, developed to “reinvigorate the perception of cognac” – says that trading in Asia can be difficult but suggests that the rewards can also be big. “We haven’t been as active in Asia as others, especially the big companies, because



the costs and challenges of distribution, language barriers and other factors do make it more difficult than our major markets such as the US and Scandinavia,” he says. “However, we now have agents in place in China, Hong Kong, Taiwan, Vietnam and Indonesia and we are making the Asian markets our priority for 2010.”

Cotté highlights the differences in terms of brand packaging, design and even style of cognac that appeal to western and Asian markets. “ABK6 is perhaps a little too modern for Chinese customers, appealing more to people in a modern western bar setting,” he says. “What Chinese customers want when purchasing a bottle of cognac is to buy into a little bit of old France and the sophistication that represents.”

It’s an assertion that largely holds true for the broader Chinese diaspora across the Far East, but also something that resonates particularly in a market such as Vietnam, where the ex-French colonial imprint can still be seen in the street vendors selling freshly baked baguettes.

Cotté also points out that the Asian market generally prefers power and richness, often translating as a ▶

### Cognac exports Aug '08 – Jul '09

Total global exports: 336,349hl, 14.4%  
 Total exports to Americas: 126,133hl, 17%  
 Total exports to Europe: 125,856hl, 15.3%  
 Total exports to Asia: 102,671hl, 10.8%  
 Other territories: 11,689hl, 5.5%

VS: 180,910hl, 13.3%  
 VSOP: 141,709hl, 16.3%  
 QV: 43,730hl, 12.4%  
 (all figs BNIC website)

All eyes – and considerable investment – are focused on Asia, with specific product launches and especially luxury Cognacs being driven into these markets

slightly sweeter style of cognac with up to 10g or more of residual sugar in the bottle.

Talking to various houses it becomes obvious that China is by far and away the largest prize and where most Asian activity is focused.

The numerous south east Asian markets are important but recent growth, even remarkable double-digit growth, is from a very small base. Japan remains a stable, but relatively mature, market and nearer Asian markets such as India remain difficult to develop because of high taxes and distribution difficulties. Camus is one company that, while shying away from revealing hard figures, is clearly reaping dividends from its Chinese operations.

“China is the second biggest market for cognac in the world and if both the US and China keep going the way they are going then China will become the number one market in the next five to 10 years,” says Cyril Camus, fifth-generation president of the family company. “In the past three years alone our business has doubled in China and I believe we will see continued growth for the next five to 10 years.”

## Growth follows wealth

Camus says there are signs of maturity emerging in the big cities such as Beijing and Shanghai, which have previously driven remarkable growth. But he points out that cognac sales – anywhere around the globe – typically follow wealth creation. “Most Chinese investment is now going inland, to second cities and regions that in themselves represent huge potential markets, so this is where new wealth is being created and the markets are growing fast,” he says.

Now well established, Camus’ Chunghwa XO, a fully-flavoured cognac blend aimed specifically at the Chinese market and representing a joint venture with the leading premium tobacco company of the same name, is billed as an aromatic, rich style that can be drunk in small glasses throughout a meal. The tie-in with Chunghwa tobacco, itself a premium seller to Chinese travellers in the global duty free market, has clearly paid dividends.

## Halo effect

The market for super-luxury cognac labels is by no means confined to Asia. But certainly



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the recent moves towards high-value, high-end limited edition cognacs, those featuring Grande and Petite Champagne or Borderies specific origin, plus remarkable, eye-catching design of decanter-style bottles, sit well with future development in these premium-driven markets.

One of the latest launches, coming on the heels of Courvoisier’s very limited releases such as Erté, is L’Essence de Courvoisier, which will retail for around \$2,800/£1,800 a bottle.

Currently available in a very limited number of outlets such as Harrods, L’Essence is to be launched into Asia this autumn.

“We have blended this cognac, which we have been working on for four years, from spirits from very special periods of our history and only 2,000 decanters have been crafted,” says Claire Richards, global brand manager for Courvoisier. “The premium end of the market is still growing, especially in Asia, and a product such as this creates a halo effect for the category that reinforces the image of quality and exclusivity.”

What essentially emerges, when looking at the cognac category as a whole, is a striking polarity whereby

(at best) stagnated markets in the west are being encouraged to re-engage through messages of mixability and versatility, while the potentially higher margin growth of VSOP, XO and ultra-premium cognac is being driven by aspirational drinking in the East.

Combined, these factors have certainly created an exciting and sometimes even eyebrow-raising splash of innovation and evolution, both in the products themselves and ways in which cognac as a category communicates with the global market.

The BNIC is right when it asserts that there has never been a more exciting time to drink cognac and engage with the category.

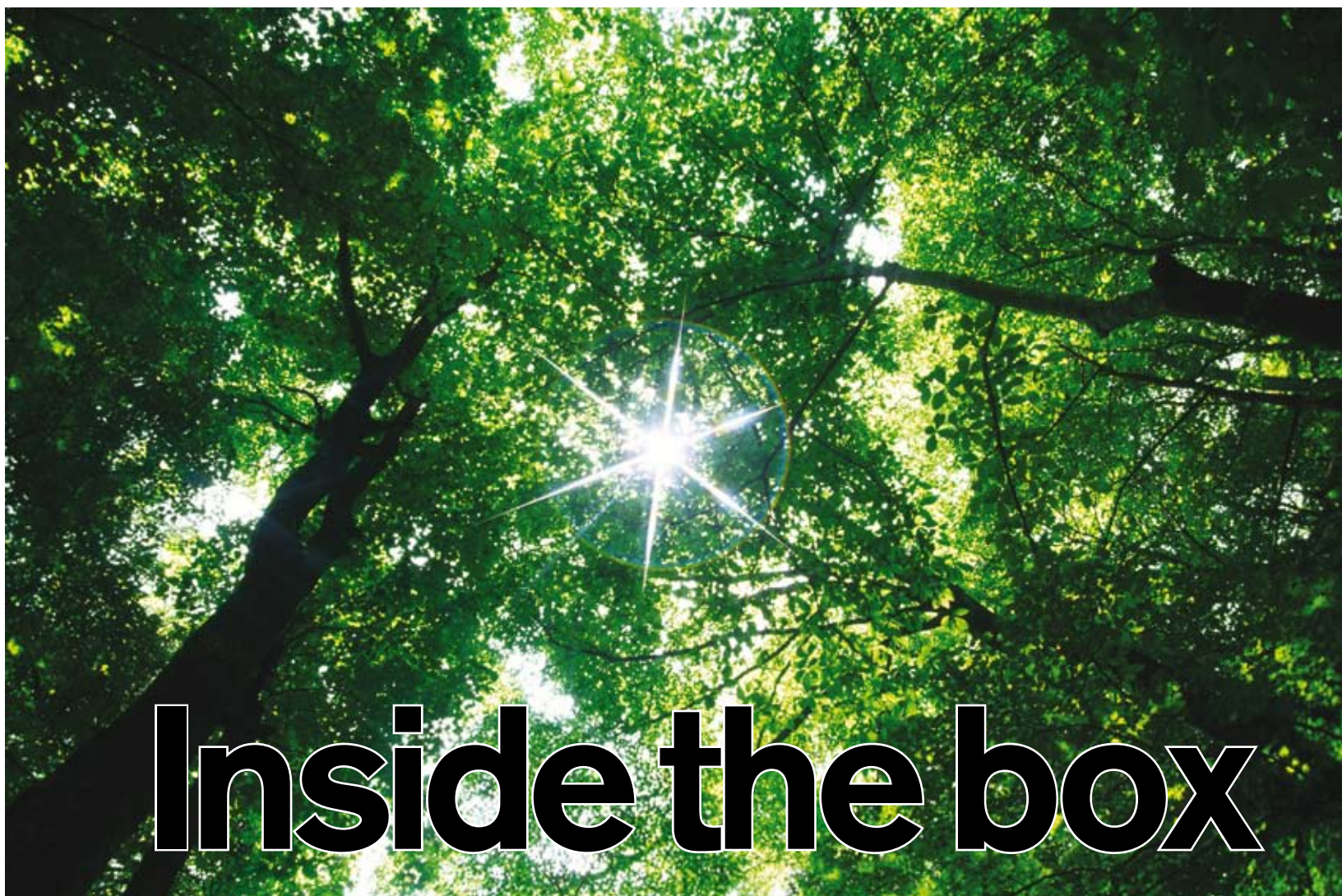
Trumped for a while by the march of vodka, rum and even whisky, it seems that cognac is potentially on course to reassert itself on the global stage.

Except this time it’s looking East rather than West from its traditional home. D



Cyril Camus





# Inside the box

Given the twin global concerns of the environment and the recession, anyone could be forgiven for assuming that it's not the best time for the drinks packaging industry. With consumers reining in their spending, how likely are they to want to splash out on the sort of high-end products that like to shout their credentials through over-the-top boxes, tubes – even handbags – with all the associated bling that goes with the packaging? And when governments globally are scrutinising the green credentials of every industry, how can the throwaway nature of such bells and whistles be justified?

It turns out that affordable top-end packaging and environmental friendliness are far from mutually exclusive, as a new survey by WRAP, The Waste & Resources Action Programme, has found. The organisation has just carried out research to assess the impact of premiumisation on drinks packaging in the UK and found that “premiumisation is evident in all categories,

**Premium products with elaborate packaging do not sit well with the increasing pressure to use materials that are from sustainable sources and recyclable. Jaq Bayles investigates**

including those outside of the drinks sector, and seems to be surviving in the current economic climate”. But interviews with the drinks sector showed that ‘premium’, as a tier, is “moving down the cost-curve, with more everyday products becoming ‘premium’ during the recession”.

Nicola Jenkin, WRAP beverage category manager, explains: “The shift to premium is not just creating premium product but making ‘core’ look ‘premium’”.

Paul Foulkes-Arellano, managing director of London-based Wren and Rowe Brand Design, agrees, especially when it comes to travel retail:

“People have glammed up their lifestyles, but credit card debt is a global thing. People are perhaps not buying every time and they might be downtrading, for example from champagne to cava, but they still want it to look a million dollars. Even if it's only a sparkling wine from Oz it needs to look the business.”

One of the biggest environmental issues is in the weight of top-end drinks packaging, and the WRAP research showed that “the packaging for premium drinks tended to be heavier than their core counterparts, even when packaged in the same material and format. ▶

“For example, when comparing premium and core wines sold in 75cl bottles, the packaging for a typical premium wine was found to weigh 591g, compared to the average of 488g for core wines.”

WRAP concludes: “Although there is a high level of awareness of the need to address both premiumisation and resource efficiency at the same time, and there are examples of products which do, there is still a relatively small proportion of the sector as a whole which actually deliver both. However, good packaging technology can be used to help achieve both goals simultaneously. Consumers have been shown to accept lightweighted bottles, and resource efficient packaging and lightweight packaging can resemble (if necessary) its predecessor.”

One industry sector renowned for its top-end gift packaging that has recently embraced a more sustainable approach is scotch whisky. This summer the Scotch Whisky Association (SWA) published an Environmental Strategy which, among other areas, covers packaging materials and waste.

The organisation has pledged that, by 2020, it will:

- reduce by 10% the average unit weight of its product packaging materials
- ensure that 40% of its product packaging will be made from recycled materials
- ensure that all its product packaging will be reusable or recyclable
- send no packaging waste from its packaging operations to landfill

Given the traditionally heavyweight bottles used in the scotch industry, it's interesting to see how companies have managed to lightweight bottles, especially for the export market. Chivas Brothers' 100 Pipers brand, for example, has, since July 2008, “been able to lightweight bottles by 20g, saving 400 tonnes of glass a year, as well as 300 tonnes of CO<sub>2</sub>,” says the SWA.

David Williamson, public affairs manager, government & consumer affairs, at the SWA, adds: “As a luxury item, scotch whisky brands

There is a balance to be struck between protecting the product and ensuring its quality at its end destination after shipment

**David Williamson, SWA**



### New look Taittinger

Champagne Taittinger has introduced a new look for its six cuvées. The new packaging has been designed to create a clear, strong, family look across all of the wines and to improve visibility in both an on or off-trade environment.

The new design will, it is said, give consistency and harmony across the range, which includes the signature Brut Reserve, Prestige Rosé, Vintage Taittinger, Single Vineyard Les Folies de la Marquetterie, Prélude Grands Crus and Nocturne Sec.

must be in perfect condition when reaching retail shelves, whether in the UK, duty free or one of our 200 export markets. There is a balance to be struck between protecting the product and ensuring its quality at its end destination after shipment. This continues to be a learning process within the industry but there is a clear

### Scotch Whisky Association strategy

David Williamson, public affairs manager, government & consumer affairs, says the industry is working with its supply chain and government agencies. “This is essential if the sector is going to meet its ambitious targets because change will also be required elsewhere in the supply chain if we are to meet our packaging goals. Companies are involved in a range of initiatives with these goals in mind, including:

- Participation in a WRAP-funded project focused on luxury products, including scotch whisky, and exploring alternative secondary packaging options. The aim is to reduce packaging weight while meeting customer requirements at the premium end of the market. The WRAP project was important

### Lanson launches gift pack

Champagne Lanson is to launch a gift box of its best-selling Black Label Brut Champagne in time for the gifting season.

The fun, elegant gift pack will include a 20cl bottle of Champagne Lanson Black Label Brut NV and a selection of luxury milk chocolate and praline truffles.

Paul Beavis, managing director of Champagne Lanson UK, comments: “We've been listening hard to what our customers want; and have created

a unique and uplifting gifting experience, with packaging that reflects the style and character of Champagne Lanson.

“The set is high quality and traditionally styled, while also being fun and affordable. This is the perfect choice of gift for those who like the finer things in life.”



commitment to getting that balance right, for both business and environmental reasons.

With regards to other spirits sectors, Jenkin points out: “We have the sort of information coming over where weight equates to quality. Some brands are saying they can't reduce weight, they can't reduce the thickness of the base of a

as it explored consumer acceptance of different packaging in different export markets. This can, of course, be very different to the UK market.

- Various companies have installed new case packaging techniques. This reduces the need for a cardboard inner within the tertiary packaging case.
- Distillers are working with their distribution chains in various markets to remove secondary packaging for on-trade cases of scotch whisky. Significant investment is required to assist segregation in the distribution channel.

● There is also ongoing experimentation with recycled content materials. The industry has helped to develop, and promotes the use of, the Envirowise/INCPEN 'Guide to packaging Eco-design'.



**Paul Foulkes-Arellano:** “There’s a trend towards hyper-premium that’s unaffected by the recession”



**Paul Richards:** “Simplicity takes time and effort and consumers definitely recognise that”



### Bombay stunner

A new gift carton for Bombay Sapphire is being launched this month into inter-global travel retail. Designed by Webb Scarlett deVlam, the carton uses a new foil technology and borrows its cues from the Reign martini glass design by Eva Zeisel. The pack is made of cartonboard with a special foil which uses a process called fresnel lens to distort a flat surface, making it look like half a sphere.

feel their attention is being taken away from the product.”

### Fashion cues

Consumers do have expectations of their brands, and Foulkes-Arellano likens trends in drinks gift packaging at the top end to the seasonality of the fashion scene – and points out that there are high-end joint ventures in packaging between drinks brands and fashion labels.

He says: “There’s a trend towards hyper-premium that’s unaffected by the recession – it’s the Victoria Beckham effect on the drinks industry.”

And that effect is applying to the “new rich” consumers of Russia, India and China, he says, who are the main customers of top end duty free gifting. Materials finding favour here include leather and neoprene stockings – “It’s less like overpackaging and more like luggage.”

vodka bottle because ‘that’s what our consumers want’. When I ask the question of the brand: What is the research behind that?, it’s very seldom solid. It tends to be anecdotal.”

Turning to wine, she adds: “There are some wines in bottles that are 1kg and you have to ask what is the point of that? The average wine bottle is 488g. But we have examples of wines that were 600g and have moved down to 440g and have maintained equity, premium brand and the height and slimness that consumers expect.”

### Different agenda

But some commentators believe that there is a different agenda when it comes to gift packaging and the environment.

Ian Webb, partner at London-based brand and design specialist Webb Scarlett de Vlam, which has just created a new travel retail carton for Bombay Sapphire (see panel), says: “People are tackling it not so much from the perspective of trying to save the planet, but many brands are lightweighting, using less materials, because it makes commercial sense. They are aligning the eco message with commercial needs and, on the back of that, trying to spin the spin.”

However, he adds: “A lot of brands don’t make those compromises. The more premium brands continue to maintain premium brand values and won’t compromise to the environment. There are those that are earnestly trying to make change but it can put a brand at a commercial disadvantage, so they have to make a judgement call – particularly in travel retail, where consumers are looking for products they may give as gifts. You can’t strip away all the allure and sexiness. At the one end you’ve got the old-fashioned Easter Egg approach with layers of material and very complicated packaging, then there are brands that come up with a very simple idea and run with that – Absolut and Bombay Sapphire are examples here.”

Paul Richards, founder of London brand design agency Be Like Water, is in agreement

about the effectiveness of simplicity, citing Veuve Cliquot as a brand that “gets it exactly right”. He says: “They know what their brand stands for. There’s absolute consistency across the range. It’s not just the range colour, it’s the design elements. They are usually very simple and you just go: ‘God that’s smart’. Simplicity takes time and effort and consumers definitely recognise that. When it comes to any very overdone piece of work they just think it’s trying too hard – and nobody likes try-hard brands. There’s a lot of overpackaging at the luxury end, but it’s true that less is more.”

He is backed up here by Dominic Burke, design manager at Webb Scarlett deVlam: “Veuve Cliquot have really used travel retail as a stage to build news about their brand over the past three or four years. The colour is strong, there’s a strong, identifiable design.” And he draws attention to the brand’s creativeness when it comes to packaging – one design idea not so long ago featured boxes that could be collected to make a wine rack.

But Richards points out that there can be a fine line when it comes to making decisions about drinks packaging, as both overpackaging and cutting corners can have a detrimental effect on consumer perceptions of a brand: “If you cut corners on the exterior packaging it can damage the image of the product in the box.

“However strong the brand is, if the box looks poorly put together or poorly created, that will affect perceptions of the product inside.

“Consumers are looking for integrity and authenticity. If there are too many bells and whistles people can

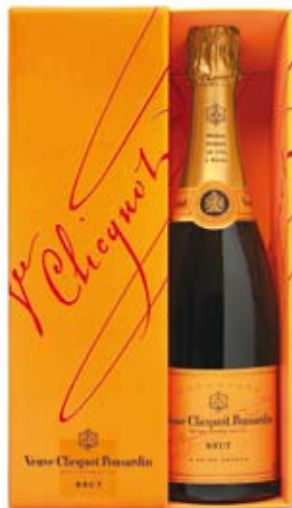


Innovative producers are constantly looking at materials which can add another element to their packaging – whether to catch the consumer’s eye or to improve their eco credentials – and Foulkes-Arellano says his company is especially keen on aluminium as a recyclable material.

He says: “We try to use it as much as possible. Consumers love it because it’s shiny – they are like magpies.”

Wren and Rowe has been working with Rexam on an aluminium bottle which is going into full production at Rexam’s plant in the Czech Republic in the first quarter of 2010.

The Fusion aluminium bottle



can be pasteurised and is said to be suitable for a range of drinks, including single-serve wines and flavoured water, as well as beer, energy and soft drinks.

Less traditional materials have the added benefit of stand-out, and in travel retail that is especially important as brands compete for attention on shelf.

Claire Yates, client services director at Webb Scarlett DeVlam, says: “There’s a constant ‘wow factor’, with brands having to do something bigger and better all the time.”

As Christmas approaches, the shouting in gift packaging will get louder still, and maybe those

that can shout their green credentials alongside their wow factor will be the winners all round.

But for now the last word goes to WRAP’s Jenkin, who says she wants drinks producers to literally think outside the box when it comes to gift packaging. “When drinks are bought as gifts consumers want something added to the package. A box is helpful because it’s easier to wrap. But how better can the producer use that box? Can the box not be the wrapping itself? And what other life can the box or tin have?”

“Producers need to think more outside the box in terms of labelling. Instead of a box or tin or other type of packaging could you use enamelling on the bottle or do something with the labelling so the bottle becomes the package? If you still want a box think of the box itself – what’s its recyclable content? Is it as optimal as it could be?”

“Packaging can be premium and sustainable.” □

## Smurfit innovation

European paper-based packaging manufacturer Smurfit Kappa maintains an environmental focus with its products.

It says: “The company has its own approach to sustainability. Firstly, Smurfit Kappa takes great care with its production processes. Secondly, it considers the impact of its packaging on the performance of the supply chain. Thirdly, it is acutely aware of the sustainable benefits which can be delivered through packaging design.”

Some recent innovations by the company include:

- A new range of shapes, papers and finishes for the 100% recyclable ‘Composite Tube’ range of luxury packaging. This cardboard canister with a tin lid and base can now be manufactured in an innovative variety of shapes including non-round. The range of contemporary finishes include

Metallic, Snakeskin, Mock Velvet, Mirror Effect, Wood Effect, Linen Effect and Denim Effect.

- A new solid board division which uses less packaging material, improves the end-of-line packaging process, lowers the risk of transit damage, plus improves the economy and environmental impact of the supply chain. The new Triangular Solid Board Division has been created by Smurfit Kappa Lokfast for Diageo’s drinks brand ‘Dimple’.

- The Protektapak corrugated mail order pack for wine bottles, designed to withstand the gruelling postal distribution chain environment. The company created Protektapak when briefed by Winehound. co.uk to develop an environmentally friendly and sustainable alternative to protective mailing packs currently used in the market. The resulting corrugated box design aims to replace environmentally unfriendly and expensive polystyrene.



## Auction proceeds down but sales exceed expectations

This year's annual Nederburg Auction in Paarl, South Africa, fetched just over R4 million – around 16% down on last year.

Organisers said the results still exceeded expectations and cited present economic conditions and highly competitive trading environments in the South African and international wine markets, as limiting factors.

Distell managing director Jan Scannell reported a slight downward trend on average prices across all categories in the auction, but added that results achieved in the fortified wine and port categories showed some growth.

Three supermarket groups dominated the portfolio of buyers across the top 15 category, taking 38% of the sales directly to the consumers. The combined purchases of the Spar Group placed it in overall first position with total purchases of R573,770, closely followed by Makro with R544,880 and Checkers with R410,850.

Five international buyers were responsible for 25% of total sales. These included CA Sales & Distribution from Botswana, the Tesco Wine Club from the UK, Amka Vinimport from Denmark, Woermann Brock from Namibia and Juric Imports from Zambia. The average price paid for a dry white wine was R842 per 9-litre case, with the top price paid for two wines – Jordan Nine Yards Chardonnay 2006 and Vergelegen White 2005 – at R250 a bottle.

With the average price for red wine at R1,136 per 9-litre case, a single case of 6x375ml bottles of Chateau Libertas 1959 fetched the highest price of R23,000 (R3,833 per half bottle), the highest ever in the history of the auction.

The highest price for the rare Monis Collectors Port Stamp Collection 1948 was R11,000. The highest price paid for a Noble Late Harvest wine was R3,500 for 12x375ml of Nederburg Edelkeur 1979.

The average price for fortified wine was R833 per 9-litre case, with the highest price for Weltevrede Rooi Muscadet 1993 at R110 a bottle.

The charity sale on the day raised R208,300 for the beneficiaries. 2009 was the 35th year of the auction.

## Constellation shuts Widmer

Constellation Brands is closing its Widmer winery in Naples, New York State, and moving production to an expanded Canandaigua Winery.

The move will mean that Manischewitz, Widmer, Paul Masson and Taylor wines will be made at Canandaigua – also in New York – from 2011.

The Widmer property will be donated to the Rochester Institute of Technology.

Constellation Brands chief executive Rob Sands said: "We are pleased to make this investment in the Canandaigua Winery to increase its production capacity and improve operational efficiencies.

"While this investment is right for our business, it was also important to us that we find the right opportunity for the

future of Widmer winery. RIT has a long-standing commitment to enhancing the local community and is looking at the property for possible use for sustainable wine education to benefit the wine industry, the community and the college."

The company says there will be opportunities for many of the Widmer employees at the Canandaigua Winery as a result of the expansion.

Jeremy Haefner, RIT's senior vice president for academic affairs, said: "RIT will explore the development of academic degree programmes particularly suited for sustainable production in the wine industry.

"This will be a great opportunity for RIT to evaluate the potential of engaging the wine industry in the emerging green technologies that will define leading edge sustainable production for the 21st century."



## Hoeked!

Constellation Europe has launched a wine tumbler with a curved bottom for South African wine brand Fish Hoek. The Dartington 'Balancé' tumblers encourage wine to breathe as it is swirled around the glass.

Fish Hoek's fish skeleton logo is etched on to the base of the glass, so it appears to swim as the glass moves.

The wine tumblers are available to consumers exclusively via the Dartington website from September, priced £35 for a pair.



Côtes du Rhône is investing £500,000 in a UK advertising campaign. The campaign is expected to reach about eight million consumers, via print advertising and digital panels on the London Underground. Olivier Legrand, UK marketing manager, Inter Rhône, said: "The existing Côtes du Rhône advertising campaign has been extremely successful and will therefore be maintained for a second year in order to strengthen the region's reputation, which is crucial during this difficult economic period."

## Vintage opportunity

Peter Cobb gives a first-hand assessment of the early releases from the highly rated 2007 vintage in port

A view of  
Cockburns  
Quinta Dos  
Canais in the  
Douro Valley

These are difficult times for the port trade. Volumes are down, costs are up, the world is in recession and, in the UK (still the most important market for premium styles), the pound has lost 30% of its value against the euro.

Against this background the declaration of the 2007 vintage by all major shippers can be seen as a welcome opportunity to boost profits.

The first challenge is to launch the ports effectively. Companies will sell a certain amount on release, but keep some back in order to be able to offer small parcels in years to come. Shippers are, by nature, a conservative bunch, and quantities declared have been smaller than normal – in all probability enhancing the overall quality.

True, unseasonably wet weather in June caused some disease and loss of production among the unwary, but there is no excuse for this, and most grape farmers, and especially the shippers – who these days are major landowners themselves – read the signs and had few problems.

### Getting good press

Results so far have been extremely encouraging. The wines have been well received by the great and good on both sides of the Atlantic. Purple prose of a type normally reserved for First Growth clarets has been much in evidence in the consumer press and certain influential blogs. So positive has been the trade's reaction, particularly in the UK, that some people have had to increase their initial allocations.

"Several leading wine merchants told us that our first offer of Dow, Warre and Graham was manifestly insufficient," Paul Symington reports. "We will therefore be holding back rather less stock than we had initially planned."

It's much the same story with the Fladgate Partnership's brands, Taylor, Fonseca and Croft – at least in the UK. But managing director Adrian Bridge admits that the state of the US economy, the second most important market for vintage port, means the trade is still "in de-stocking mode", making the market tough.

"End customers are still buying," says Bridge, "but the middlemen are only doing so when they have an order. This is mirrored in a number of other markets where there is an unwillingness to commit. This is so for all fine wine, and not just port."



### Pick up a bargain

Despite this, there is plenty of interest being shown in markets other than the traditional. The Netherlands, Portugal, Canada and Switzerland are all coming up on the radar, and shippers are working hard on cracking the enormous potential nut that is Asia.

And the 2007 ports are a bargain. There has been virtually no increase in the opening price in euros since the last generally declared years, the 2000 and '03. In some cases there has actually been a reduction. The bad news is that this cannot be mirrored in the UK because of the disastrous fall in sterling.

Even so, under bond prices compare very favourably with the en primeur prices of top Bordeaux properties. Château Latour Pauillac was offered at €130 a bottle – translating as about £1,600 a case, which was considered cheap – while the best known port brands hover around £450 a case.

### Cobb's view – the 2007 port vintage

Having recently tasted 32 samples blind, and having seen several others at various events, there is no doubt that 2007 is a great year. The most striking characteristic is how clean they all are. There is a purity of fruit throughout, and

the tannins, though in some cases soft, are well integrated – an essential ingredient for a long-lived wine.

It's invidious to pick out individual wines and score them, for there was not a single dud among them. Without a moment's hesitation I would recommend every wine that I have seen. In marks out of 20, the year rates 19+.

What has become clear in recent years is that the vintage port has become lighter, more approachable. Shippers vehemently deny this, but there's a perfectly logical reason.

Most companies make their blend from their own vineyards and these will have been replanted over the past 30 years in blocks by individual grape variety. These are picked at optimum ripeness, thus giving tasters the opportunity to relate to the many terroirs in the Douro, and assess their nuances.

"Overall this offers us a great range of taste and richness of aroma," says Peter Symington, in charge of production at Symington Family Estates, "making the wines more voluptuous and attractive when young."

And why not? No producer, wine merchant or consumer (least of all your correspondent) wants to wait 20 years before cracking open a bottle of these superb 2007s.

# Bar zone

Premium French syrup brand Monin has launched Spicy Mango syrup – a blend of mango and Serrano pepper. According to Monin mixologist Alexandre Lapierre: “The trend of mixing fruit and spice to create sweet-heat is booming all over the world.” Here are two of his recipes for the syrup.



## Mango Spice Margarita

25ml Monin Spicy Mango syrup  
10ml Monin Triple Sec Curaçao liqueur  
40ml tequila  
20ml lime juice

Pour ingredients into a shaker filled with ice cubes. Shake vigorously. Strain into a chilled margarita glass.

## Sweet & Bitter Spice

1/2 orange wheel  
30ml Monin Spicy Mango syrup  
40ml gin  
100ml tonic water

Mix orange and Monin Spicy Mango syrup in a tumbler. Fill with ice cubes. Add gin and top with tonic water.

## Drinks at your convenience

Fed up with customers asking you to keep an eye on their drink while they pee? Or cleaning up smashed glass in the loo?

A UK company could have the solution: Guardian Drink Holders. The device is attached to the back wall of the ladies' cubicles and above men's urinals. The contraption incorporates antibacterial technology.

Zebrano bars, in the West End's Greek and Ganton Streets, are the first bars in London to install

the product. Don Cameron of Zebrano believes:

“All bars have a responsibility for the safety of their guests. We are dedicated to providing a safe atmosphere at both our bars and believe that Guardian Drink

Holders are an active way of tackling this issue.”



## Mix it up online

Beam Global's DeKuyper has launched MixMastersUSA.com, a website designed and created by bartenders for bartenders.

The online community allows bartenders to create profiles, “follow” one another and download applications that focus on bartending and the spirits industry.

MixMastersUSA.com and DeKuyper will also host regional on-premise challenges where professional trade bartenders from 12 cities will submit their original recipes using DeKuyper. MixMasters Challenge contestants will be judged by local experts on taste, appearance, name creativity, simplicity and originality. The winners will go on to the National MixMasters Challenge in New Orleans on November 5. For the prize of \$10,000, National Challenge participants will be judged on their skills and creativity. For more information, visit [DeKuyperUSA.com](http://DeKuyperUSA.com).

## Britner's Beers

DI's Lucy Britner shares her passion for a pint

Can we no longer be trusted to have a half? Know our limits? It seems not. Scottish beer drinkers are probably going to be the first in the UK to be subjected to a minimum price on alcohol – meaning that they are also going to be the first to have their beer selection diluted.

Though there were questions about whether or not minimum prices were legal, the European Commission cleared up the issue by saying that as long as the European Treaty of Rome's rules on the free movement of goods aren't affected, the EC doesn't prohibit states from setting minimum retail prices.

It looks like there will be a minimum price per unit, and no doubt the steady pour of lower alcoholic strength drinks will continue to trickle into the market place.



Savvy drinks giant Diageo is up first with Guinness Mid-Strength.

The 2.8% drink – compared to its big brother regular Guinness at 4.1% – is on trial at 13 pubs, bars and hotels in Fife and Edinburgh.

Diageo says this is the company's “latest commitment to the Scottish Government and Alcohol Industry Partnership and Fife Alcohol Partnership projects”.

Diageo claims Guinness Mid-Strength, was created as a result of a “brewing breakthrough” and has the same taste, texture and look as regular Guinness.

The good news for thrifty Guinness fans – and for Diageo – is that it's only 1.6 units, so likely to be cheaper than its full-strength stable-mate.

At the opposite end of the spectrum, Scottish brewer Brewdog has come under fire from industry watchdog the Portman Group for its



18.2% Imperial Stout Tokyo (33cl bottle).

The drink has been blasted for, among other things, “not promoting a positive message of safe and responsible drinking”.

A 33cl bottle contains six units, but it's already sensibly priced at £9.99 – hardly the price bracket of the binge drinker, especially when you can pick up a litre of vodka for less. But yes, that will all change once minimum pricing is introduced.

Cross-border shopping will probably be the subject of many a drinks column in the coming months and, while of course we must drink responsibly, it's sad to think that government regulation – anywhere – might change the drink itself.

## Cocktail guide offers 43 ways with Licor 43

J Wray & Nephew is giving Spanish brand Licor 43 a marketing push in the UK with a new cocktail guide.

The booklet features 43 recipes from bartenders across the UK.

Licor 43 has a sweet citrus-vanilla flavour and recipes include the Rumatiqua, by Matthew Huiban at Grafton House in London. Ingredients: 30ml golden rum, 20ml Licor 43, 10ml strawberry liqueur, 10ml lime juice and 5ml gomme. Method: Add all ingredients to an ice-filled shaker, shake and strain into a pre-chilled martini glass.

Or maybe you could try an Obsidian Cascade, by Jamie Spence from the Obsidian in Manchester: 25ml Licor 43, 25ml apple liqueur, 5-10 blackberries and champagne. Method: Muddle blackberries, add Licor 43 and apple liqueur and shake. Double strain into a flute and top with champagne.



## Bacardi Cuba Libre

Mixologist Jonathan Pogash has been working with Bacardi to come up with a seasonal variation on the classic Cuba Libre that includes espresso and bitters. Here's how you make it:

1 part Bacardi  
8 parts strong espresso  
3 dashes Jerry Thomas Decanter Bitters  
Lime Wedge  
Build ingredients in a highball glass with ice. Squeeze the garnish into the glass.



## Cities with the Bols to do it

What do Leeds and Amsterdam have in common? Thanks to Lucas Bols, the two cities' bartenders are up on their Bols Genever cocktails.

Hosted in Leeds by Maxxium UK, the aim of a recent masterclass was to introduce a new generation of bartenders to this re-emerging spirit category and to provide them with the knowledge to make classic cocktails such as The Holland House and The Collins.

Maxxium UK's mixologist Andy Gemmell said: "There is so much history around the Genever category and it is becoming as popular now as it has ever been with the resurgence in popularity of classic cocktails.

"The original Bols Genever recipe from 1820 helped define cocktails in their first golden age and, today, Bols Genever remains the perfect cocktail ingredient due to the unique blend of rich maltwine, redistilled botanicals and an optimum alcohol content of 42%."

## St Lucia's white knight

Don't give a Toz about white rum?

Maybe it's time for a rethink. St Lucia Distillers has launched a white rum into the UK market.

Toz White Gold is a premium white rum produced by St Lucia Distillers, the makers of Chairman's Reserve, and is named after the abbreviation for the forty ounce gold

measure (Toz). It is both column and pot distilled, aged first in American oak then finished in port barrels and crystal clear filtered.

The brand was tested by bartenders at Trailer Happiness and Mahiki earlier this year.

It was launched at London's Boutique Bar Show and served in a Martini with a sprinkling of Hotel Chocolat chocolate, also from St Lucia.

Toz White Gold is only available in St Lucia and the UK.

## Brand man



Polish vodka U'Luvka has appointed Jamie Evans as brand ambassador and sales executive.

Jamie has worked in high profile bars around Europe – most recently he was bar manager at Opera Quarter Bar, Bardo, Loft, Lab, Hakassan and Town House. U'Luvka said: "His expertise and knowledge as a bartender and drinks alchemist will be a great help in communicating U'Luvka's brand values to the premium bar sector."

# Departure zone

## Your personality distilled

For £20,000 Whyte & Mackay's master blender, Richard Paterson will blend a whisky for you, based on your personality.

Purchasers will get three days with Paterson, during which time he will endeavour to ascertain their likes and dislikes before creating a unique scotch based on their personality.

The idea was born following Paterson's appearance on a UK TV programme.

He created a series of one-off whiskies based on the personalities of stars including Sean Connery, Ewan McGregor, Barack Obama and Homer Simpson.

Whyte & Mackay said that, as a result, it received hundreds of enquiries on the back of the bespoke

whiskies and has now launched this service.

Paterson said: "It is increasingly common now for people to have their luxury goods tailor-made to suit their own specific desires. By offering this service we have created a great opportunity to own a one-off bespoke whisky that may even increase in value over time.

"I will spend time getting to know their likes, dislikes and personality to create a completely one-of-a-kind whisky – and, of course, a dram or two will be raised as we bond. Only one bottle of each individual blend will ever be made... it will be a whisky to treasure forever."

Want to "buy" Richard Paterson? info@whyteandmackay.com.



## Writers rewarded

The Louis Roederer International Wine Writers Awards for 2009 were announced last month in the 'Gherkin' office block in the heart of the City of London.

International Wine Feature Writer of the Year was Margaret Rand for her work on Decanter magazine. The Louis Roederer Award for International Wine Book 2009 went to Oz Clarke for his book on Bordeaux.

International Wine Columnist of the Year was Tim Atkin MW for The Observer, Intelligent Life and Off Licence News. Champagne Writer was Tom Stevenson for articles in The World of Fine Wine. Online Writer is Natalie MacLean. Artistry of Wine Award went to photographer Jon Wyand. UK Regional Wine Writer is Christine Austin, Yorkshire Post. Special chairman's awards went to Jane Parkinson of the Drinks Business and Julia Harding for articles on jancisrobinson.com.



Left to right: Jon Wyand, Tim Atkin, Margaret Rand, Christine Austin, Natalie MacLean, Oz Clarke, Charles Metcalfe and Jane Parkinson

## Mine's a large one...



The largest whisky bottle in the world contains 105.3 litres of Tomintoul Speyside Glenlivet Single Malt Scotch whisky aged 14 years, which went into a special bottle made in Germany.

The 144cm/5ft tall container took 150 bottles, which were donated by the distillery, and it weighed in at 164kg.

The initiative came as a result of a local restaurateur wanting to "restore a modicum of fame" to Tomintoul, which claims to be the highest village in the highlands of Scotland. He spoke to Mike Drury of the Whisky Castle shop and that led to the collaboration with the Tomintoul distillery.

Guess where you have to go to see it? Correct: Tomintoul. The ClockHouse Restaurant. worldslargestscotchwhisky.com.

## BOOK SHELF



### ● Vodka Classified

"Vodka, in case you hadn't noticed, is everywhere." This is how well known freelance journalist and author Stuart Walton opens his excellent book on vodka. Beautifully produced, it starts with the history, production, tasting, usage and then goes into an at-a-glance A-Z for brands.

Published by Pavilion  
Price £16.99

### ● The Finest Wines of Champagne & Tuscany

From the team that produced The World of Fine Wine comes two authoritative book on these famous wine regions. Michael Edwards has written Champagne and Nicolas Belfrage MW has authored Tuscany.

Published by Aurum Press  
Price £20

### ● World Whisky

Another first-class book just in time for Christmas. Charles Maclean has been writing about whisky since 1981 and is a Keeper of the Quaich. Say no more. A typical Dorling Kindersley book. Lively layout, good use of pictures, easy to read and flick through.

Published by Dorling Kindersley  
Price £16.99

### ● 500 Red Wines/500 White Wines

Compact, beginners' guides to wines from three well known writers. Christine Austin on red and Natasha Hughes and Patricia Langton on whites. Basic information with specific wine recommendations.

Likely to go out of date quickly so more a Christmas pressie than a reference book.

Published by Apple Press Office  
Price £9.99

