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# Champagne – branding and marketing of a luxury product

Subtitle

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<p>This thesis will discuss the brand of champagne and its status as a luxury product. The aim is to find out how the luxury label might have affected the success of champagne and how it is marketed and branded. Champagne is one of the strongest brands in the wine industry throughout the history. It was branded already in the 19<sup>th</sup> century as the drink of the royals and today, is protected not by only the Comité Champagne, but also EU legislation.</p> <p>As a luxury product, champagne marketing relies strongly on the appealing brand. Some authors argue that the high pricing is mostly due to the strong brand, instead of the quality of the wine, others emphasize the unique qualities that the terroir gives to the wine. Whether or not champagne's success is based on its excellent brand and luxury status, both of these concepts should be discussed when looking into the champagne industry.</p> <p>The issue is, that neither of these concepts have a clear, universal definitions. The meaning of luxury always depends on the subject – there are no universal luxury products. Also, luxury doesn't need to be a physical product – time can be luxury, for example. Brands in turn are also an abstract concept and the understanding of the term brand has changed during the times.</p> <p>Marketing of champagne is another widely discussed and controversial subject. There are authors arguing that marketing is not a common for champagne houses, but in the next sentence describe the ways they do marketing. Champagne houses are often associated to art and fashion, as they tend to promote the wine through well-planned collaborations with suitable artists. However, in order to attract the younger generations, the champagne houses seem to have changed their strategy.</p>	
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### APPENDIX 1. INTERVIEW OF JANNE HALLA - QUESTIONS

## 1. Introduction

According to *The World Atlas of Wine*, there has been a significant change in the demand of wine – in the 1980's and 90's, consumers looked for wine from a certain area or region and there was no need for specific information of the origins of the wine in terms of marketing – branding the wine as burgundy red or champagne was enough. Recently, there has been a significant shift amongst the wine enthusiasts, who now want to know all about the soil, the village and the grower. The differences and influences of different factors are nowadays appreciated and more importantly, recognized and wanted. How this has affected the marketing of one of the most well-known varieties of wine remains a question.

"There were two major trends in evidence. The first was differentiation. It was no longer enough to name a broad region; premium prices were going to smaller and smaller units of land that could claim to be distinct and different. Winemakers who formerly mocked the gospel of terroir started looking hopefully and hard at their own. At the same time, the market was demanding difference in grape varieties, too. 'Anything but Cabernet/Chardonnay' was the catchphrase." (Johnson and Robinson 2013: 7)

This is how Hugh Johnson, one of the world's most respected wine-writers wrote in the foreword of seventh edition of *The World Atlas of Wine* in 2013. He describes a shift that has been visible on the wine industry – wine enthusiasts are now looking for rarity and specialty – they pay much more attention to the soil and landscape, barrels and corks, than when the previous edition was published in 2007. The demand of classic wines like the aforementioned Cabernet and Chardonnay have declined, as the industry has successfully started experimenting with newer or less well-known grapes.

Champagne is a good example – according to The Guardian, in 2012 the sales of champagne's competitors, cava and prosecco, outpaced it for the first time in the UK (Butler 2013). The grower champagne, especially Selosse champagne, is challenging the old brands like Moët & Chandon and Dom Perignon (Rare Wine Co.).

While some authors still discuss whether champagne marketing exists, seems that there has been a change in the ways champagne is promoted in order to attract the younger generations.

What started as experiments of French monks has become a luxury item like no other, a brand recognized all over the world. In 2011, while most of the retailers struggled in the economic crisis, LVMH, the owner of Moët & Chandon, kept on growing its sales (Woodard 2016).

In the 19<sup>th</sup> century champagne was branded as the drink of the royalty and has since sustained its position as the mark of wealth and luxury. (Wine in Moderation, n.d.) It is not in fact anymore the most expensive section in the wine cellars – many red wines, especially those from Piedmont, Italy, have outrun champagne in this matter (Halla). How has champagne reached its position, above all the other wines and how it has the brand been sustained through all these years?

## 2. The Wine Industry & Champagne

### The history of wine

Wine is one of the oldest luxuries of the modern history. It is a globally appreciated product and today, also a clever investment. The wine culture in Europe originates from the time before the Roman Empire. It was appreciated by the ancient Greek artists and authors like Homer and Aesop refer to it constantly - wine is an important part of European history. that has modified our culture, diet and life throughout the history, according to Wine in Moderation. The the ancient Greek, wine was a luxury product - today, it is not anymore reserved to the upper classes but there is a type of wine, champagne, that has filled this gap in the festivities of the superior class. According to the Wine in Moderation, wine's attributes were discussed already in the tales of the Greek god of Wine, Dionysus. (Wine in Moderation n.d.)

When the Roman Empire expanded, so did the consumption of wine. Many of the most famous wine producing regions were established during that period in the Mediterranean and during the following centuries, the wine production spread also to areas that are now called France, Germany and Spain. According to the Wine in Moderation, wine was a trustworthy drink during the Dark Times, when the quality of water was unreliable. The church monasteries established some of the finest vineyards in the Europe and especially the Benedictine monks owned the largest vineyards in the Europe, including the areas of Champagne, Burgundy and Bordeaux. (Wine in Moderation n.d.)

During the 17th and 18th centuries, many inventions were made that affected the quality of wine - corks, glass bottles and corkscrews. The 19th century is still considered the golden age of wine, although many of the French vines were destroyed by a disease. Today, wine production is a form of art.

The modern technology has allowed the producers to control the process of fermentation and places with hot climates like the Chile and Australia are able to produce quality wines. (Wine in Moderation n.d.) The competition amongst countries and

producers is growing constantly and wine is not anymore just a fine drink - it is an investment.

Wine is a demanding business – especially smaller vineyards are very sensitive to weather fluctuations and the quality differs yearly. This is why many wines are actually mixes of the harvests from several years, instead of vintages produced from the grapes harvested in the same year – mixing the grapes keeps the quality and flavor more constant. Still, it takes lots of hard work, time and dedication to make it on the wine industry, like Eric Arnold noted in his article for the Forbes: “Keep dreaming. Wine is a tough, competitive and expensive business that’s likely harder than your current day job.” (Arnold, 2008)

## **What is champagne, and how it is different from Champagne?**

Champagne is one of the most well-known wine brands in the world. Although champagne is mostly produced in one particular way, champagne is still not a style of wine - all champagne is sparkling wine, but all sparkling wine is not champagne. To achieve the name of champagne, sparkling wine must come from the northeastern region of France, Champagne. According to Johnson, it is the basic precept of the wine law not only in France but also throughout Europe. Due to determined negotiations, also the rest of the world has started to accept this requirement. Also, only grapes of Chardonnay, Pinot Noir and Pinot Meunier can be used in the making of champagne. The product itself is usually differentiated from the county by using a small c, although not all authors follow this rule – especially French sources seem to mostly use capital letter for both.

The history of champagne tracks to the 16th century, to Benedictine Monks called Dom Pérignon. Together with an English scientist Christopher Merret he managed to find a way to add bubbles into wine. The wine was at first referred to as 'The Devil's Wine', because the corks popped out by themselves and bottles exploded. The first documentations mentioning champagne are dated in 1531, but it took over 300 years for the producers to figure out a way to bottle the product in a way that could handle the substance. After the quality of the corks and glass enhanced in the 19th century, the demand for champagne rose quickly. After the producers launched several well-executed ad campaigns, it became the drink of the royal and aristocratic. (Cult Wines Wine Investment n.d.). The rest is history - today, champagne is one of the most expensive wines and it associated to celebration and luxury all around the world.



Due to its special status and history, champagne is protected by a European Union scheme of geographical indication and traditional specialty - protected designation of origin - PDO. European commission defines PDO as follows: "Covers agricultural products and foodstuffs which are produced, processed and prepared in a given geographical area using recognized know-how." (European Commission 2016a)

This scheme is designed to promote and protect names of quality agricultural products. They are based on the legal framework provided by the EU Regulation No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. This regulation is enforced within the EU and being gradually expanded internationally via bilateral agreements between the EU and non-EU countries. They aim to make sure that only products that truly originate from a certain region are allowed to be identified as such in commerce. It protects the reputation of certain regional foods and also aims to promote agricultural activity by helping the farmers and producers to obtain a premium price for their authentic products, and eliminate the unfair competition and misleading of consumers by non-genuine products, which may be of inferior quality or of different flavour. The list of these products is long and there are also two other schemes - Protected Geographical Indication - PGI and Traditional Speciality Guaranteed - TSG - that are designed for similar goals. Among others, PDO labeled products include for example Prosciutto di Parma, Karjalanpiirakka (Karelian patty) and Parmegiano Reggiani (European Commission 2016b)

## **CIVC**

The Comité Champagne - CIVC - is the trade association that represents the interests of independent Champagne producers - vigneron - and Champagne Houses. Its aim is to promote the area of Champagne and its wine through a broad range of areas that include economic, technical and environmental development; continuous quality improvement; sector management; marketing and communications; and the promotion and protection of the Champagne AOC across the world, according to the CIVC. (Comité Champagne n.d.)

CIVC is especially active in protecting the status of champagne. One of the main issues it focuses on is the fact that while the United States otherwise protects consumers from misleading information, the champagne name is not protected in the US by any legislation. European Union and the United States are the two largest economies and also major wine producers. Both parties have wide legislation regarding truth-in-labeling that aims to ensure that the consumer are not misled in anyway and that the labeling is informative enough and accurate. Also, both have strong trademark laws that aim to protect brands. Still, according to CIVC the United States is at the moment one of the only wine producing states that continues to violate the champagne brand. Especially among the quality winemakers all around the world except in the United States the misuse of geographic indications and labeling is carefully avoided, as they respect the unique attributes the origin gives to the wine. (Comité Champagne n.d.)

In order to plead to the consumers in the United States, CIVC promotes champagne by comparing it to local products with a PDO or similar status, aiming to educate consumers: "In the same way that a Napa wine comes only from Napa Valley, California, Champagne comes only from Champagne, France. This is the law of the land in Brazil, China, the EU, Mexico, Canada and the majority of the countries worldwide. The United States is one of the last countries in the world to not reserve the Champagne name exclusively for wines from Champagne." (Comité Champagne n.d.)

The strategy of CIVC is to appeal to the morality of consumers and by comparing champagne to products close to their heart, they try to raise feelings of sympathy. The focus point is in the heritage of champagne. Heritage is something very relatable - almost all people seem to be proud of something related to it, whether it is related to the family or locality. Also, the background of champagne is not yet very well-known in the US, due to the lack of recognition of its geographic specificity. CIVC has noted that there are actually quite many consumers especially in the west coast where there are still local producers who continue to label their own products as champagne.

CIVC states that they "support U.S. consumers in their quest for truth-in-labeling. Recent polls show that a majority of U.S. consumers think location is the most important factor in their decision to purchase a particular wine. Clearly, this is already an important issue for European consumers and it is a great to see this increase in importance for US consumers." (Comité Champagne n.d.)

While the European signature products and dishes are known world-wide and the continent is known for its cultural heritage, misleading consumers is a universal problem and exists also in European countries. The fact that the whole legislation regarding geographical indication and traditional specialty was first set in EU, indicates that even here there is a need for this type of protectionism. This is also an issue that has increasing together with globalization - there are new exotic choices available for consumers who might not be fully aware what they should expect and demand from the newly introduced products. Thus, educating consumers is important, they make them understand the true features of the product and value them. According CIVC, the location of wine is especially important, because the weather conditions and the soil of the vineyard give the product its special attributes. (Comité Champagne n.d.)

### **Why is champagne different, or is it?**

According to CIVC, Champagne exports its wine to more than 190 countries, representing 13% by volume of world consumption of sparkling wines. The style of champagne can vary: "Champagne styles vary from the challenging concentration of a Krug or a Bollinger to the seductive creaminess of a Dom Pérignon, with Pol Roger and Louis Roederer as models of classical balance. Among growers, Egly-Ouriet, Jacques Selosse, and Larmandier-Bernier are leading a movement towards champagnes with more vinous and vintage expression, and even Krug now admits publicly that consistency is not the point of its flagship multi-vintage Grande Cuvée blend." (Johnson and Robinson 2013: 72). The term vinous points to something resembling or containing wine, something that relates to wine or is a characteristic of wine and vintage means a wine that is from grapes that have been grown and harvested during the same, particular year. Because of this, vintage wine's quality differs yearly, as factors like the weather conditions change. Sometimes, vintage refers to quality - for example, the producers of Port wine make vintages only from their best years. Mixing years brings consistency, but vintages seem to be perceived as a finer product - growers like Selosse produce mainly vintages as they want to embrace the soil, weather and true nature of wine instead of producing something "processed", according to Janne Halla from Soil Wine Group. (Halla, 2016)

As mentioned, champagne is not exactly a style of wine at all - there are different types of champagne and for example, the vineyards in Spain use the exact same method to produce their cava. What truly connects all the champagne is the geographical place they are produced in - Champagne. The merchants of Champagne have managed to build an image of a superior sparkling wine that is so strong, that the customers are willing to pay even triple prices for a type of sparkling wine that doesn't even stand out in the blind tastings. Having said that, some champagnes are truly excellent, and cannot be compared to other sparkling wines.

What is interesting, however, is the assumption that many consumers make, when they claim all champagne must be better than, say, prosecco, even though it might be possible to get better quality with less costs by choosing a sparkling wine of different origin: "It would be claiming far too much to say that all champagne is better than any other sparkling wine. But the best champagne has a combination of freshness, richness, delicacy, and raciness, and a gently stimulating nuance that no sparkling wine from anywhere else has yet achieved." (Johnson and Robinson 2013: 72)

### **Grower champagne**

"Every decade or two, a winemaker comes along who, through the force of his ideas, and the brilliance of his work, has the power to change the course of wine history." (The Rare Wine Co., n.d.)

Historically, the production and sales of champagne have differed quite drastically from other wines. According to Mark Tungate it could be claimed that the champagne houses have been more acknowledged and prosperous with marketing than the 'ordinary' wine producers. He suggests that this might be the result of the champagne houses operating purely as merchants, separated from their vineyards, while for example in Bordeaux the chateaux are located in the middle of their own vineyards. (Tungate 2009: 162).

In other words, traditionally the producers of champagne are separated from the 'champagne houses' being the ones to sell and distribute it, and the grower champagne is somewhat an exception. One of the most well-known brands is Jacques Selosse. According to Rare Wine Co., Anselme Selosse is the person behind the revolution of champagne, changing it for the better. He is argued to be the most influential champagne grower who has affected the whole generation of younger winegrowers, especially in France. (Rare Wine Co., n.d.)

Today, the name of Selosse is recognized internationally and seen as the icon of grower champagne, according to Janne Halla. According to Rare Wine Co., the Selosse champagnes are already one of the most wanted wines in the whole world. (Rare Wine Co., n.d.)

What makes Jacques Selosse wine so special? The house has a very straightforward idea - in order to make weighty champagne, the fruit has to be superb. In the 1970s, when Anselme Selosse stepped into winemaking business, the idea was revolutionary. According to Rare Wine, the period was historically bad for champagne in terms of quality and resulted in an excessive use of chemicals. Selosse learned from the legends of Burgundy - Coche, Lafon and Leflaive and believed not only in low harvests and organic cultivation, but also in terroir – French term for the soil, often used in the wine industry instead of its English equivalent.

When Jacques Selosse took over his family's business, he focused, in an extraordinary way in Champagne, on his vineyards. The aim was to nourish the relationship between healthy soil and the wine that arises from it. Rare Wine Co. (n.d.) describes the result: "Anselme's purest expression of terroir is of course the famed Substance, a solera created in 1986. By marrying some twenty vintages, he removes vintage variation, allowing the Avize terroir to speak on its own. His vintage Millésime does the opposite. Because it draws on the same parcels of vines each year, it is able to express, perhaps more than any other wine in Champagne, the character of the year. As a pair, Brut Initial and Version Originale show the influence of age and terroir. Each is a blend of three vintages of Chardonnay from the same three villages: Avize, Oger and Cramant. Yet, while Initial is a blend of harvests from the mid-2000s from lower slope vines, Originale is made from older vintages and from hillside vines."

In 1994, Gault-Millau, an influential French restaurant guide, chose Selosse as the best winemaker in France in every single category, which is an unheard-of honor.

Rare Wine considers that today, Selosse is the most original winemaker in France and the way Janne Halla from Soil describes the house backs up the statement.

### **The point of view of an importer and sommelier**

Janne Halla is the CEO of Soil Wine Group, which imports wine to Finland. He was interviewed in order to gain an insight to the Finnish consumer behavior regarding champagne and to discuss the point of view of a sommelier and a wine importer. Halla has had a long career as a sommelier, working in restaurants like Savoy in Helsinki and now is leading his own wine importing business Soil Wine room and bistro called Soil Wine Room. Soil is specialized in smaller, quality-oriented producers and offers several mid-priced quality champagnes to its customers both via wholesale and their own restaurant Soil Wine Room.

Halla describes that the average champagne order in Helsinki comes either from a wealthy, elderly person or someone from the restaurant business. However, champagne is not anymore associated only with "once in a lifetime" experiences and its demand is clearly rising among younger people. His philosophy is to offer moderately priced top-quality wine and with champagne, it is a challenge. Many still order champagne only for special occasions and the main determinant in the decision-making is the well-known brand - this is why most of the "mediocre" restaurants choose to include Moët in their list. Selling smaller champagne brands is demanding especially for the restaurants. In their own restaurants, the customers know the idea behind the selection and can appreciate it. (Halla, 2016)

Champagne demand is very price driven, as explained in the Veblen theory (see below). One of Halla's current suppliers participated in a champagne fair in Russia. He considered his champagne the best quality in the whole fair, but because he was a small producer, the cost of the product was third of the price of the others. He couldn't sell any and after a while, decided to add zeros to the price, and to his great surprise, sold everything immediately.

Halla describes that in the Russian market especially, showing off is very important to wealthy customers. In his experience, Finland is not as price-oriented, but still,

the average customer is quite brand-oriented and often looks for Moët & Chandon, when choosing a champagne from a wine list. (Halla, 2016)

The customers, especially those associated with the restaurant industry, have come to appreciate also the gastronomical aspects. Whereas 10 years ago champagne was mostly associated with toasts, nowadays it is increasingly associated with food - and in Halla's opinion, champagne is one of those rare wines that go with the whole menu.

Also, ten years ago, it was apparent that all restaurants offered at least one top quality champagne. The effects of depression are visible and a list of expensive champagne is not anymore a self-evident part of every restaurant's wine list. Also, the tastes have changed. Throughout the history of champagne, its evolution has headed to a more dry style - today, brut natural, or brut zero dosage are the most wanted styles among champagne enthusiasts. The terms refer to the driest style of champagne - in this kind of champagne, there should be less than three grams of residual sugar in a liter. Another term that refers to this style is Brut Zero.

The change is visible also in other wines - there used to be no such thing as dry rosé in the past, while today the customers appear to want nothing else. These trends are affected mostly by the leaders of wine world - critics like the Wine Spectator and Masters of Wine like Essi Avellan, at least these sources are mostly referred to in wine tastings. Wine is a subject that many enjoy and appreciate but are not well educated in and thus it might be easy affect the opinions of consumers.

According to the Cult Wines Wine Investment, "a number of these critics have become extremely influential in their fields and hold a great deal of power as taster-makers and validators, able to make or break a new wine before it ever comes to market. The ratings of these critics have an observable effect on market prices for fine wine and we familiarize ourselves with some of the key names here." (Cult Wines Wine Investment, n.d)



## **Running out of champagne**

In the recent years (or decades) the demand of champagne has risen, due to globalization and especially increased attention in the Asian market. Also, the demand in Europe has risen - champagne is not any more bought only for special occasions, but is it nowadays recognized also as a great wine that can be paired with almost anything. Also, according to Janne Halla, champagne is increasingly popular amongst younger consumers and it is not seen as an aperitif or toast anymore - today, champagne is paired with food. (Halla, 2016)

Due to the increased demand, Champagne is running out of resources. While high prices and scarcity are definitely elements of luxury products like champagne, there is a point when it becomes a disadvantage: "A great contradiction lies at the heart of Champagne country. Although many of the houses rely on the scarcity of their product for their allure, they are also in business. If demand can't be satisfied, or prices rise from high to astronomical, customers will go elsewhere - to the sparkling wines of the United States, for example. And the simple fact of the matter is that there is not enough champagne to go around." (Tungate 2009: 158)

To solve the problem, after lengthy negotiations France and CIVC have come to the decision of expanding the area accepted as the source of true champagne. The expansion is not very large - a couple of villages and towns here and there are added to the area. The aim is to increase production just enough so that the supply will meet the rising demand, but still keep it low enough to keep champagne as a luxury product. If the market would be destabilized, champagne would soon be a commodity and that wouldn't do - the most important factor in champagne that keeps up the demand is its brand.

### **3. Luxury**

#### **Luxury goods**

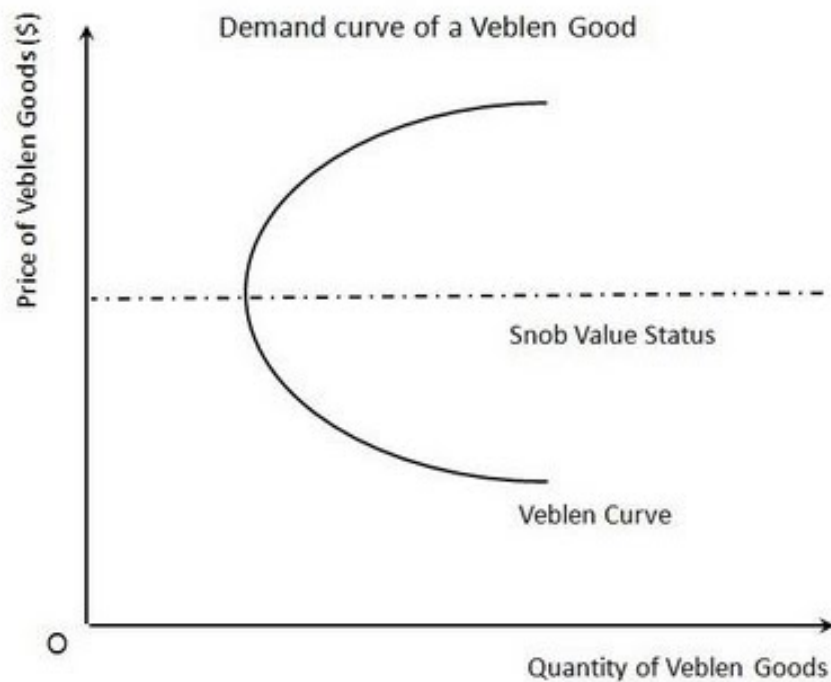
"Luxury is anything that is desirable and more than necessary and ordinary." (Heine 2012: 42)

In order to discuss the marketing or brand of champagne, also the meaning luxury must be discussed. Champagne is first of all a luxury brand and much of its success seems to be based on the association created in the 19<sup>th</sup> century, when the champagne producers marketed champagne as the drink of the royals – ultimate luxury (Cult Wines Wine Investment n.d.). The definition of luxury is something that is still very much unclear. Luxury is something that is neither ordinary nor necessary, but that can mean virtually anything, depending on whom you ask. However, there are some factors that might clarify the difference between luxury products and commodities.

In contrast to commodity brands, an increase in luxury brand awareness does not necessarily lead to sales growth. Luxury brands also aim to grow their business, but increasing sales volumes reduces rarity, therefore also the luxury image and as a consequence also the sales numbers, meaning that if a luxury brand is too successful this year, it might in fact suffer from that in the next year. Demand is almost always more or less connected to prices. With luxury products, the price reduction usually leads to decrease in demand in the long run, whereas with mass-market products the effect is the opposite. (Blink, Dorton, 2007)

### The theory of Veblen goods

Thorstein Veblen identified a case where the quantity demanded rose as price rose. In his book, *The Theory of The Leisure Class*, he stated that some products had become more popular as their price rose. He came to conclusion that people get satisfaction from being seen by other people to consume expensive products. He said that "failure to consume in due quantity and quality becomes a mark of inferiority and demerit". (Veblen 1899: 36) As the price of a Veblen good rises, such as a Chanel bag, wealthy consumers begin to buy more of the product because it has a "snob value"; it is a "good of ostentation". The consumer behavior towards normal goods is almost the opposite - when the price rises, the demand decreases, according to Blink and Dorton. (Blink, Dorton, 2007)



(Conspicuous Consumption, n.d.)

### **The steppingstone to a superior class**

According to Kapferer & Bastien (2009), luxury is a tool for social stratification - in fact, it is stated to be luxury's fundamental function. "The DNA of luxury, therefore, is the symbolic desire to belong to a superior class, which everyone will have chosen according to their dreams, because anything that can be social signifier can become a luxury. By the same token, anything that ceases to be a social signifier loses its luxury status." (Kapferer, Bastien, 2009: 19) Luxury is a very cultural and personal idea - what others might take granted can easily be a luxury to someone.

While luxury is often associated to social stratification, it is also a personal matter and should be able to be enjoyed privately according to Kapferer and Bastien: "In addition to this key social function, luxury is an access to pleasure: it should have a very strong personal and hedonistic component, otherwise it is no longer a luxury but simple snobbery, and we would quickly fall into the trap of provocation" (Kapferer, Bastien, 2009: 20) For example, a bubble bath or a glass of sparkling is often described as an everyday luxury. The term is contradictory as rarity and inaccessibility is the base for many definitions of luxury - question remains, can anything that is part of everyday life remain luxury?

According to Schumpeter, "Successful firms create a desire for their personal luxury products that goes beyond any rational assessment of value and quality. The intrinsic promise, in most cases, is that the buyer herself will become more desired if she acquires a Bottega Veneta bag, silk-and-lace Eres undergarments and a Jaeger-LeCoultre watch." (Schumpeter, n.d.) As luxury is something very personal, an item cannot really be defined as an universal luxury item - for a student, glass of JP Chenet sparkling wine might feel like luxury, while a glass of Moët & Chandon might be just an ordinary appetizer to a wealthy heir. As claimed in the beginning of this chapter, luxury is a very relative term and could refer to almost anything. Also, as a luxury status can boost the sales of a product, suppliers have started to overuse the label and it has started to lose its meaning, according to Vickers and Renand. (Vickers and Renand, 2003: 460.)

Also, while luxury might be enjoyed alone, the question remains aren't they still affected by the social ideal – also 'everyday luxury' is something that is often modified by the society and considering that for example that bubble bath might be referred to as a luxury, the person enjoying of that bath is likely aware that if her friends knew about it, they could envy her or at least associate it to the idea of luxurious life. Social media makes this even more prominent – photos that are shared, often represent the photographer's idea of an 'everyday luxury' and as they are shared for others to see, are also a tool for social stratification.

Especially when browsing through profiles of young adults, the same themes recur - there are posts from holidays, celebrations and beautiful outfits, and it seems that the need to showcase wealth, happiness and beauty is something that unites people all over the world. It is the very same need that thrives consumers to purchase luxury items - the need to be better.

As the definitions are not consistent and arguably not even practical, because they leave lots of room for speculation and interpretation, that can lead to misunderstandings. According to Heine while it is not possible to create a clear definition of luxury products, that would also cover intangible luxuries like time and space, many authors do not distinguish between different interpretations of luxury. Consequently, since different authors refer to different objects of investigation, it is impossible to achieve unanimity. (Heine, 2012)

## **The future of luxury**

According to Schumpeter, there is one industry that has survived and even flourished during the tough times of European economy. Especially companies including LVMH, Hermès and Salvatore Ferragamo blossomed, according to the article, while many others suffered from the depression. (Schumpeter, n.d.)

According to Silverstein and Fiske, luxury brands abstain from explicitly referring to their products as luxury (Silverstein & Fiske, 2003, p. 50). Concurrently, these brands are in fact selling more and more products, that are not even branded as luxury. One of the largest players on the luxury market, LVMH has seen a potential in this trend and meanwhile there is a booming trend of non-luxury brands expanding their selection to luxury brands or something that is called as mass prestige, meaning products with some feeling of luxury.

Reuters interviewed an anonymous CEO of a large privately owned French luxury fashion brand during the Paris Fashion week. He claimed, referring to LVMH and Kering that is its main competitor, that "they milked the cow so much that now there is no more milk" and need to come up with alternative ways to keep up the profits. Recently LVMH that has been known as the owner of some of the most well-known luxury brands like Celine, Dior and Louis Vuitton, has invested more than ever in accessible luxury labels, including Marc by Marc Jacobs, that is an affordable sideline of Marc Jacobs. The fact that this side line makes up to 70 % of the total revenue of Marc Jacobs, backs up the anonymous statement given to Reuters. (Wendlandt, Goh, 2014)

While many companies have bent and followed the same path, there are still some that stay strong. Arguably Hermès is one of the most classical luxury brands, that is according to Business of Fashion seen as the most exclusive and desired brand on the market. In comparison to LVMH and Kering that have chosen to widen their selection to more affordable products, Hermès seems to be the clear winner when it comes to return on invested capital and operating profit after tax - it has outrun both LVMH and Kering in 13 of the past 15 years.

What is behind the success of Hermès? Firstly, it is extremely difficult to purchase any of the most popular Hermès products. According to Luca Solca, "in today's personal luxury goods sector, blending craftsmanship and customization and with modern industry and technology has created the paradox of selling exclusivity by the million". Hermès has managed to reach position as one of the most exclusive and unique brands and also maintained this image for years, while succeeding to make bigger profits than many of its competitors, by restricting the iconic core products to high-end price ranges, while directing the rest of the products with lower prices on aspirational consumers (Solca, 2015)

Although Hermès has been the leader of the luxury profits recently, it is not the most powerful brand in the market according to a Deloitte Global Power of Luxury Goods 2015 study. In the study, LVMH Moët Hennessy-Louis Vuitton was a clear winner when it came to the power in the markets, closely followed by the owner of brands like Cartier and Chloé - Compagnie Financiere Richemont and The Estée Lauder Companies.

According to the study, the evolution of technology has revolutionized the ways luxury products are sold and marketed and forced several parties to adapt. The millennials - the generation born between 1980s and 2000 - are the most rapidly growing customer sector. As digital natives, they actively use the possibilities offered by different technologies and social media and by focusing their attention there, have forced the suppliers to create new sales channels to reach this sector of customers.

The study found that 60 % of millennials use internet when they look for information about luxury products and 30 % uses social media to find offers and discounts. Due to the evolution of technology the purchasing patterns and sales channels are constantly changing and the proper use of these channels is increasingly important for also luxury suppliers. (Deloitte, n.d.)



## 4. Branding

### What is branding?

The success of champagne seems to base on the excellent branding and marketing of it. Many champagnes are, also, undeniably a great wines, but considering there are also other wines that are even better and more affordable, the success partly must lie also on the brand.

Definition of a brand is debatable, like in the case of luxury. Brands are an abstract concept and the understanding of the term brand has changed during the times. At first, the brand was purely the mark of the product and was used as a mark of the producer. Today, brands are more about the relationship between the supplier and the buyer, than the actual product - they are an important tool for differentiation and competitive advantage. To quote George Bull, "well-managed brands live on, only brand managers die." (Swystun 2006: 54) Today, brands are extremely powerful. They make the products relatable and desirable - if a consumer can relate to the story behind the product, or associates the product with something he desires, he becomes significantly less price elastic. Also, with a good brand, customer loyalty and sales can increase significantly - Nielsen's Global New Product Innovation Survey found that nearly 59% of global respondents prefer to buy new products from brands familiar to them, and 21% of respondents have purchased a new product just because it was from a brand they like. (Nielsen, n.d.)

Brands have also become status symbols - especially luxury brands are a tool for social stratification, as discussed. They help us to communicate our identity and personality to others. According to Kornberger, brands have become the dominant blueprint that fundamentally shapes the way we live our lives. (Kornberger, 2010)

The core purpose of a brand is communication - it is formed to send a well-chosen message to attract the target audience. According to the Brand Finance analysis, Lego is currently the most powerful brand in the world - the index takes into account factors like familiarity, loyalty, promotion, staff satisfaction and corporate reputation. Champagne is a relatively rare luxury product that has been historically mostly targeted to only wealthy western consumers. Also, champagne is recognized as an official, legally protected brand only in Europe. Perhaps because of these factors, none of the champagne brands make it to even to the list of top 50 alcohol brands. On the list of most valuable wine brands in 2013, only 3 champagne brands make it to the top ten - Moët, Verve Clicquot and Mumm. (Brand Finance, n.d.)

Kapferer & Bastian suggest that luxury brands should do no, or little, passive advertising. Also, they believe that a brand like this should choose a single sector to focus and be visible at, instead of dispersing itself across multiple events in multiple sectors. Also, as luxury brands need to be desired - the idea is to show the product in the everyday use of an iconic person, to follow the concept of 'ordinary product for extraordinary people' (Kapferer, Bastian, 2009, p.216). Often, the ambassador doesn't just use to product - they take an active real in design and cultural projects of the brand, according to Kapferer & Bastian. (Kapferer, Bastian, 2009)

"Although snobs do constitute a not inconsiderable proportion of a luxury brand's clientele, they could never be its bedrock; a luxury brand relies on as large as possible a core of faithful clients thoroughly imbued with the brand's culture and appreciating its world, its identity, and its philosophy" (Kapferer, Bastian, 2009: 21)

According to Heine (Heine, 2012: 132), if a luxury product or luxury brand cannot be defined clearly, neither can luxury consumers. If the very concept of luxury is unclear, a luxury consumer can't be differentiated from a non-luxury consumer.

## 5. Branding and marketing of champagne

### Champagne marketing

Interviewed by Tungate, The Vice President of Louis Roederer Michael Janna acknowledged that they generally approve the concept of marketing. He admits that this is partly because of snobbery of the champagne houses, but also, he claims that it is very logical stance for them to take. He explains that the while the aim of marketing in its classic meaning is to sell more and gain a greater market share, champagne houses try to avoid this. They produce a limited number of bottles and carefully consider to whom they will be allocated. The aim to reach an image of inaccessibility, which is the essence of luxury in his opinion. "In fact the real challenge for us - and here is where an element of marketing comes in - is to control with the precision of a jeweler exactly where and in what circumstances our brand appears." (Tungate, 2009: 165)

While champagne brands might not want to advertise in the usual way, like Michael Janneau explained, they still need to keep up the appearances. While exquisite events are a great way to express the finesse of champagne, many of the most well-known brands have also trusted in common ad campaigns. Bollinger is well-known of it's collaboration with the James Bond movies and has also been advertising that, Dom Pérignon in turn trusted in fashion and created a series of photos together with Karl Lagerfeld, showcasing the bottles in hands of some of the best known supermodels, including Claudia Schiffer. Moët created ads where a beautiful young model is heading to a limousine or posing in a ball gown, holding a bottle of Moët. This is something very common for luxury brands - they often appear in the pages of fashion magazines, either in hands of a supermodel or in surrounding that underline privilege. (Tungate, 2009)

So, perhaps things are changing. 10 years ago, when Tungate wrote that "like many luxury brands, Louis Roederer does not consider that it engages in anything as tawdry as 'marketing'", (Tungate, 2009: 165) social media did not exist in this extent. According to Tungate, champagne houses have anyway always known how to make good PR - they have sponsored high class events like art exhibitions, top sports races and fashion shows - today, they continue to do that, but also share those moments, underlining the connection to these desired events. Another factor that might have increased the communications towards consumers is the fact that champagne is not anymore only the ultimate celebration drink. Today, it is often combined with food and ordered also on more everyday occasions. In order to keep up the image of a luxury products, the champagne houses need to work hard to constantly remind their consumers that champagne is, in fact, a luxury product.

Also, when Tungate stated that champagne houses like Louis Roederer do not engage in marketing, he doesn't really seem to consider how wide concept marketing is. In the same chapter, Tungate lists several actions the houses have made, that can be classified as marketing. If he would make the statement about advertising, we would be more correct. The champagne houses might not follow the most traditional ways of marketing consumer products, but there are several examples indicating that they have long been practicing carefully weighted and planned marketing campaigns. Marketing is not all about the promotion. One of the most famous marketing theories, first presented in 1960 by E. J. McCarthy, is the 4 Ps, that stand for the choices an organization has to make when introducing a product to a market. These are the product (or service), place, price and promotion. (Mindtools, n.d.)

Whether or not champagne houses do marketing, their products need to be seen as unachievable, prestigious and rare as they are luxury products - and marketing suits for the opposite purpose: "Given that this aspect of luxury is strongly original and differentiates it from the universe of classic consumption goods, it results in completely different use of communication from the habitual function of 'making sales'. In luxury, you communicate in order to create the dream and to recharge the brand's value, not in order to sell." (Kapferer & Bastien, 2009: 210)

"When you compare the agricultural world of wine with the science-driven worlds of communication or transport its progress seems more stately. But there is another variable to add in: that of fashion. It seems odd for fashion to so profoundly affect something as personal as taste in food and drink. But not so odd, perhaps, when you think that all of us need guidance through the maze of labels and prices, qualities and styles." (Tungate, 2009: 168)

In her article in the Wine Business, Dr. Liz Thach describes how difficult it is to differentiate in the wine business today, as the market is extremely crowded. The struggle is especially focus on differentiation on the neighboring regions and in communication on the differences the terroir makes to the wine. (Thach, 2013)

## **The debate about champagne marketing**

Although allegedly the champagne merchants do not market their products, they communicate through social media in a way that looks a lot like advertising. While many luxury brands are very visible in the pages of magazines, a champagne ad in this context has been a very rare, if not even inexistent sight. In Twitter, brands like Perrier-Jouet and Mumm are very much present and share moments from horse races, art auctions, F1 races and re-tweet consumer reviews and even advertise their new products. Dom Perignon in turn has taken full advantage of Instagram, showcasing their products in visually attractive settings - surrounded by petals, sitting on the edge of a yacht or placed on the top of a mountain.

It seems that champagne marketing is very much an existing practice. The champagne houses spend lots of time planning collaborations with the finest of artists, celebrity icons and athletes. Also, some of the champagne houses have become very active in social media. Dom Pérignon, being the father of all luxury champagne, is a great example - the prestigious brand has taken a great advantage of Instagram. Instagram is a very modern communication channel that is widely used for marketing purposes. If the photos of Dom Pérignon would have been printed to the pages of, say, Vogue, together with their captions, they would be a very classical example of luxury ads - something that could be seen from Louis Vuitton or Prada, targeting the high net worth markets.

## Protecting the brand

After careful planning and execution of a branding plan, the brand has to be maintained. Especially with a product as brand driven as champagne, the aspect of fashion becomes increasingly important. In the beginning of 21st century, very surprisingly to the wine merchants, a champagne brand of Louis Roederer called Cristal became very popular amongst the hip hop scene of New York, as several artists including 50 Cent, Jay-Z and Notorious B.I.G referred to it in their lyrics. As champagne has always been a synonym to class and sophistication, no-one could predict that culturally the very opposite group would suddenly favor it. This was the time when the hip hop stars became extremely popular worldwide and the sales of Cristal skyrocketed - it became fashionable. However, because the sudden interest of hip hop artists was something completely new to Louis Roederer and perhaps was even seen as unwanted attention, in 2006 the managing director of Louis Roederer, Frédéric Rouzaud gave an interview on Cristal's popularity among hip hop stars, making statements that were interpreted as negative and which led to the boycott of Cristal among hip hop stars. Today, Cristal is a rare sight on any wine list. (Tungate 2009: 163)

Many of the champagne houses learned their lesson and nowadays, they co-operate with fashion bloggers, it girls and musicians, to keep up with the changing trends. Brands are very careful of their appearance and the case of Cristal is not the first, or last proof of the protectionism towards brand. According to Ellie Krupnick, american retailer Abercrombie & Fitch reacted in a similar way when a reality TV star Michael 'The Situation' Sorrentino appeared in the show wearing their apparel. They felt the association to The Situation and the TV show he appeared in - The Jersey Shore - would be harmful to their brand image and offered a payment to The Situation, demanding him to stop wearing Abercrombie & Fitch products. Later on they also extended the offer to other members of the cast. (Krupnick, 2011)

## **Seize the opportunity**

One of the very first moments of champagne marketing was at the Exposition Universelle De Paris in 1878. According to LVMH, the founder of Mercier house Eugène Mercier wanted to showcase the results of his work and marketed the Mercier champagne in cinemas and world fairs. In 1878, he decided to build the world's largest wine cask and bring it to the Exposition Universelle De Paris. In order to move the cask through the narrow streets of Paris, Mercier had to buy several streets on the way and tear down houses. The competition was won by Eiffel tower, but the great reputation of the house of Mercier quickly spread. (LVMH, n.d.)

According to LVMH, Mercier was "a daring and visionary entrepreneur, (who) broke with champagne tradition and created a "champagne for all occasions." (LVMH, n.d.) Champagne houses have since been excellent at seizing opportunities. Champagne is not associated with high class entertainment by chance. For example, the famous habit of spraying champagne is in fact a result of an accident turned to tradition. Throughout the history, the champagne producers have struggled with its tendency to burst out of the bottles. In 1950 in the Grand Prix of F1 World Championship in one of the main cities of the Champagne region, Reims, Paul Chandon Moët and Frédéric Chandon de Brailles offered the winner of the race a bottle of Moët & Chandon. The cork flew out when the bottle was handed to the winner and the champagne sprayed over the crowd. In 1967 the winner of the race, Dan Gurney decided to shake his bottle in order to repeat the famous accident, and it became a tradition." (Tungate 2009: 163)



Alike many luxury brands, also champagne houses offer fan gadgets. Most of the largest houses might send for example jewelry or ties to their clients, as a thank you note for the loyalty, according Janne Halla from Soil. The habit is quite common in the car industry - key rings, t-shirts and caps with embroidered logos are a familiar sight on new car owners. Although the products are not expensive and in Halla's opinion often quite tacky, free gifts often appreciated and they are a cheap way of spreading the word. (Halla, 2016)

When building the brand, the houses focus on more prestigious actions - when the brand has not yet reached a strong position or is going through changes either inside the organization or in demand, the image is everything. Champagne houses make most noise about their collaborations with artists or celebrities. Many of the champagne houses finance carefully chosen painters or designers and end attracting even wider set of customers, by creating limited edition re-designs with the artists, targeting their fans. Champagne has throughout the times been associated to the upper classes of society and collaborations with fine arts is one of the best ways to keep up the appearances as art never gets old. On the other hand, there are hints of a different movement. Many brands, including Dom Pérignon and Joutet-Perrier are very active in social media. The brands that once were so distant in their glory, might post in Twitter about after work drinks today. This tendency has been visible also in other sectors - today, casual channels like Snapchat are more and more popular and have forced for example the fashionistas once so distant to open up their lives.


## **Champagne branding in practice – Dom Pérignon**

Dom Pérignon is the original champagne brand. The Benedictine Monk was ahead of his time, perfecting the process of wine production to suit the needs of the new type of wine – sparkling champagne. The adjustments included the use of heavier, thicker bottles and gentle pressing needed to produce clear juice from red Pinot Noir grapes. Today, the brand is still pushing boundaries. The chef de cave of Dom Pérignon, Richard Geoffroy describes it like this: "In the genes of the brand is the man, and it's about pushing the boundaries. At (the house), there is a tension between the past and the future. Tradition is about pursuing an ideal - an ideal in aesthetics. The ambition - the vision - is our tradition. But at the same time, there is an element of progress, of moving forward when it comes to the technicalities of viticulture. — The grapes are never the same from one year to the next. If a harvest does not meet Dom Pérignon's unyielding standards, there will be no vintage champagne that year. This isn't a value judgement - it's an aesthetic vision." - Dom Pérignon Chef de Cave Richard Geoffroy. (Anderson, 2013)

Although the name of Dom Pérignon has been known throughout the champagne history, it was in 1936 when the marketing director of Moët & Chandon Robert-Jean de came up with an idea of the first prestige champagne in the world – he planned that this champagne would be even better quality than the traditional vintage wines, naturally priced higher and offered with a luxurious design. The issue with this quality champagne is, that it must be at least 15 years old. Moët decided to decant the vintage of 1921 to new bottles to get the product to the consumers, but it took until 1943 that the wine was decanted directly to the new, curved bottle. (Juhlin, 2010).

The appreciation for tradition is visible also in the design of Dom Pérignon – the label remains unchanged. In the article of Jen King, Jackie S. Graziano, director of marketing at Wealth Engine, claims that this is also a challenge for Dom Pérignon and other luxury brands. While the heritage of Dom Pérignon gives the product authenticity and integrity, it must be reinterpreted in her opinion to connect the past and the present. She claims that transparency regarding the heritage of the brand and communicating the heritage as a cultural experience gives the consumers a chance to relate to the brand, increasing brand loyalty. (King, 2015)

According to the Robb Report, Dom Pérignon is one of the most successful brands to combine the future and the heritage. (Anderson, 2013) True to its traditional place as a forerunner of the champagne industry, Dom Pérignon was one of the first champagne houses to establish social media accounts. It started in Facebook and Instagram, promoting a collaboration with an American contemporary artist Jeff Koons, who designed a limited edition of Dom Pérignon Rosé bottles. This is a great example of traditional champagne marketing – promoting a co-operation with a well-known artist. After the campaign, especially the Instagram account has focused to showcase the Dom Pérignon bottle, in settings that illustrate the luxurious lifestyle the brand relates to – yachts, luxury holiday destinations, fine restaurants and accessories from other luxury brands, but also often as a part of art installations. As discussed before, the captions strengthen the idea behind the brand – “never failing to impress”. (Dom Pérignon Official, n.d.)



**domperignonofficial** SEURAA

4 341 tykkäystä 5 vk

**domperignonofficial** Highly unconventional. #domperignon Picture by @t.h.e.4.t.h

näytä kaikki 24 kommenttia

**lilbsaysso** @brian81045

**ladyannaannina** ❤️💕💕💕💕

**andredeoliveira22** @gabycabral07

**anacflorenze\_dbeg** @leia.santos.98096  
@ronaldo.xavier.568 eu animo 🤔🤔🤔

**professionalbruncherssociety** @domperignonofficial 🤔🤔🤔

**ysyllabicitypohya** Оплачивайте в одно действие штрафы, квитанции и покупки и получите 50 рублей на свой счет! Установите бесплатное приложение сейчас и получите бонусные 50 рублей!

**lapoubelle94** @chavaliana @kluhood @denizyur

**luckydragon805** 🐉

Kirjautu sisään, jos haluat tykätä tai kommentoida

“Highly unconventional”



**domperignonofficial** Seuraa  
Maldives Island

6 307 tykkäystä 3 pv

**domperignonofficial** Earthly pleasures. #domperignon Picture by @kanmarks

näytä kaikki 126 kommenttia

**sweettyve\_** Petite pensée pétillante pour vous les lovers de champ' 🥂💕 #Maldives #Dompé' @bbastien77 @seb\_sebjof @olympoefficiel

**seb\_sebjof** @sweettyve\_ @olympoefficiel @bbastien77 .... 🥂💕🌹

**meredith\_gregory** @aetich yes

**dlries** Take us there @steph77g xx

**agranathh** @carlviktork gubbie, snart

**kay.m.cee** This was like us @traceyleaaloo

**catherinesavv** @sroth1511

**sroth1511** Yes please @catherinesavv

**nzkсени** @sanytum 🤔🤔🤔

**vickyinoz** My bday ideas @luckyphi911 🌟

Lisää kommentti...

“Earthly pleasures”



“Elegance bears its own momentum, at the Pebble Beach Concours d’Elegance”



“Never failing to impress”

(Dom Pérignon Official, n.d.)

## 6. Conclusion

All in all, when discussing such ambiguous terms as luxury and branding, a great deal is left to be determined by the reader. Both of these terms are yet to be clearly, uniformly defined and leave room for interpretation. Especially luxury is so strongly tied to the point of view of the consumer, that labeling products as luxury is always a relative claim.

When it comes to champagne, the product itself is very familiar to anyone, almost, and there are endless references to events that have helped to form the brand champagne has achieved. However, studying individual champagne brands is demanding. There are articles of the events they have attended, photos of the ads they have created and social channels where to follow them. While there seemingly is lots of information available, it is only suitable for the basis of assumptions, instead of facts. The champagne houses are very protective - none of the 10 most well-known champagne houses agreed to answer the questions Janne Halla from Soil Wine Group discussed. The representative of Jouët-Perrier (and many others) explained that they are glad to hear that the topic is getting more attention, but can't comment on anything that is not already on their website. The champagne houses have worked hard to reach the status they have now and seems, that they are not willing to discuss matters that would even distantly relate to it.

While some writers still discuss whether the champagne houses do marketing at all, it seems clear that champagne marketing has always existed, although it avoids the most traditional ways of advertising and focuses more on co-operations with artists that have a similar brand. Many brands rely strongly on their heritage but as the digitalism is changing the consumer behavior, also champagne houses are forced to update their brand, in order to attract also the younger generations.

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## **1. Interview of Janne Halla - Questions**

1. Describe your business idea.
2. What kind of wines you import?
3. Who do you sell champagne to – can you describe a typical customer?
4. What kind of champagnes are popular at the moment?
5. Are there any certain occasions, where champagne is especially popular choice?  
Has there been any change in this during your career?
6. Has there been any changes in the overall demand for champagne during your career? If so, can you describe them?
7. Do the champagne houses promote their products to you? If so, how?

