# English Sparkling Wine vs Champagne: A study examining the impact of the “Champagne Effect” on the luxury Sparkling Wine sector

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# Masters Overview

- ***The power of the brand is one of the most influential factors for consumer preferences and in the luxury wine sector this is even more prevalent. This Master Thesis investigates the impact of the "Champagne Effect" on the luxury Sparkling Wine sector and the impact that this effect has on consumers' taste perceptions.***
- ***The presentation details the blind tasting that was conducted between English Sparkling Wine and Champagne to demonstrate this.***
- ***The blind tasting used the Check-All-That-Apply (CATA) methodology and was split into two parts. The first part of the experiment was a blind tasting with 54 participants. In the second part of the experiment, the same wines, unknown to participants, were tested again with participants being given further information as to whether they were drinking English Sparkling Wine or Champagne.***

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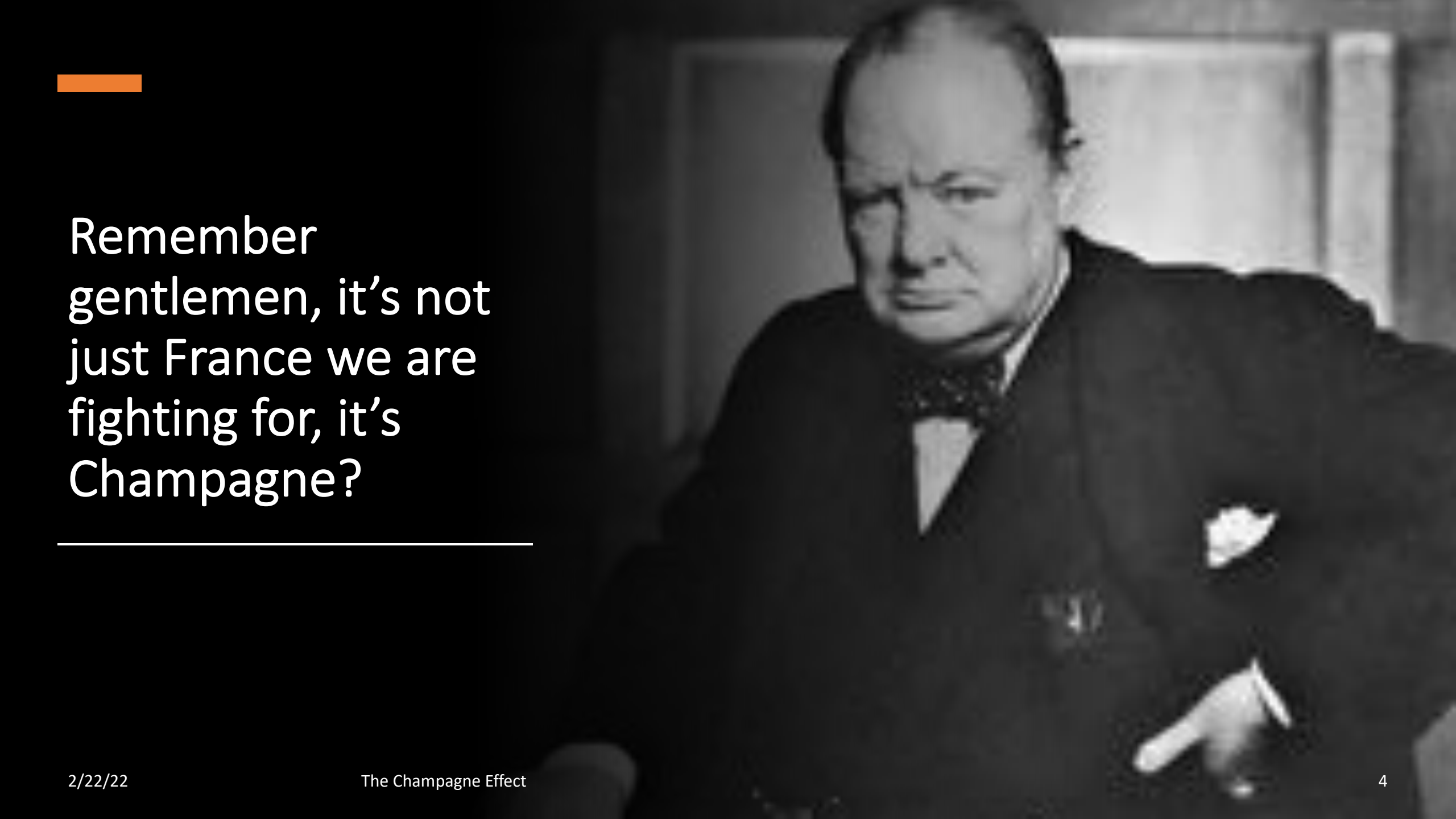
# Introduction

## Why is it important?

Remember gentlemen, it’s not just France we are fighting for, it’s Champagne?



# UK & Sparkling Wine

- Nearly 165 million bottles of Chmapange and Spakrling wine were bought in 2018. Out of this 146 million bottles were non-Champange with a total value of £1.5billion in 2018.
- In the luxury wine market, Champange has had an iron grip on the market. This grip is starting to loosen. Many factors influencing this with one of them being global warning.
- Champagne houses are looking elsewhere especially in the UK. Tattinger is the first grand marque Champagne to choose a vineyard near the Kent village of Chilham in Kent.
- Champagne Effect is defined as the impact that the brand has on consumers and how just knowing it is Champagne makes the consumer thinks it is a better quality drink and enjoy the drink more.

# Two main Questions…

- **Taking the brand out of the equation, which wines would win in a blind tasting, ESW or Champagne**
- **Whether knowing you were drinking ESW or Champagne influence the perception of what you preferred?**

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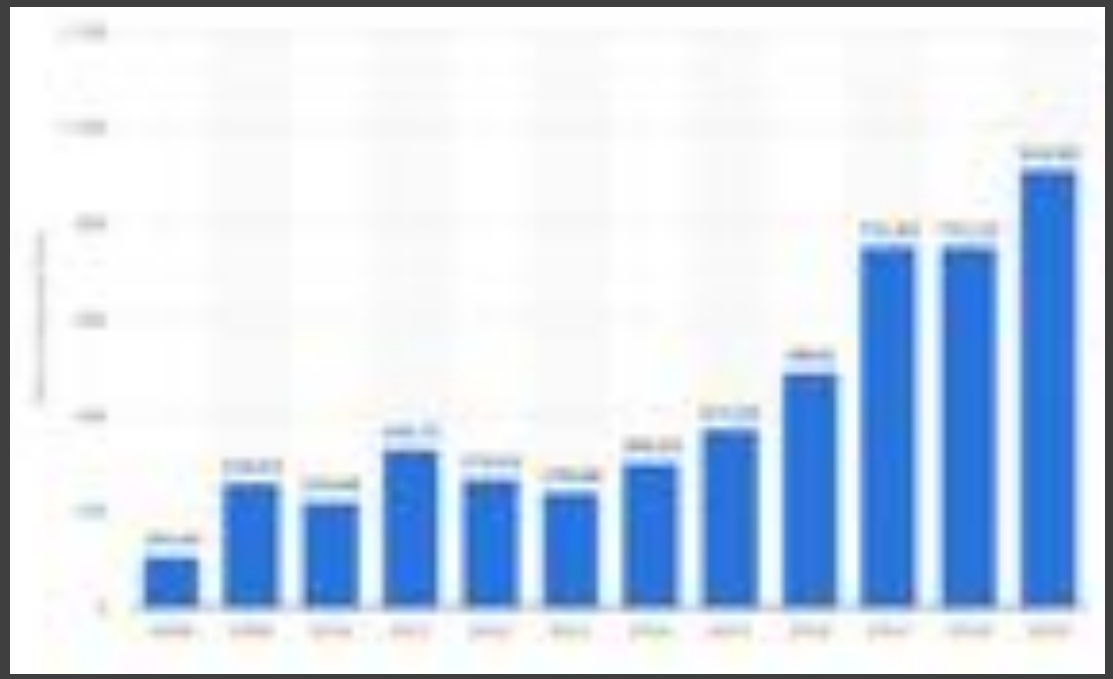
# Literature Review

1. The Changing Dynamics of the Wine Market
2. Sparkling Wine Trends
3. The Champagne Effect and The Power of the Luxury brand

# Changing Dynamics of Wine Knowledge

- **Wine Intelligence in its April 2020 report points to "the phenomenon known as cognitive off-loading". The report defines this as:**

***"our reliance on the external environment in order to reduce cognitive demand. This shift in how we retain and recall information is driven by the most powerful memory aid we could imagine – our smartphones. Gone are the days of needing to remember which brand or style we liked – merely look up the photo we have of the bottle we liked or Google it. Simple, and no energy expended on storing that knowledge in our busy and cluttered brains."***



Sales Volume of Sparkling Wine Manufactured in the UK from 2009 to 2019

| Champagne: | Sparkling Wine: |
|---|---|
| 1. #Champagne – 56% | 1. #sparkling wine – 33% |
| 2. #wine – 11% | 2. #wine – 16% |
| 3. #champagnelover – 6% | 3. #winelover – 10% |
| 4. #winelover – 5% | 4. #winetasting – 6% |
| 5. #love – 4% | 5. #champagne – 6% |
| 6. #champagnelife – 3% | 6. #instawine– 6% |
| 7. #vino – 3% | 7. #winetime – 6% |
| 8. #winetasting – 3% | 8. #vino – 5% |
| 9. #luxury – 3% | 9. #winestagram - 4% |
| 10. #winelovers - 3% | 10. #whitewine - 4% |

#ESW

- **Wine descriptors are changing, social media is the biggest influencer on wine currently.**
- **The rate of productions has increased by 759%.**

# Champagne

- **According to Gilinsky et al (2020) the industry is currently facing three major challenges:**
  1. **Global Warming**
  2. **Changing Consumer taste and demographics**
  3. **Changing retail channels, as a result of the emergence of direct sales and consolidation among retails.**


# The Power of the Brand

- **Purchase intention is majorly influenced by brand image. When a consumer has already liked a brand, they will buy products from that brand without thinking twice. This is what is defined as the "Champagne Effect." The Champagne brand has been managed exceptionally well and it is now thought that this wine is the go to wine in any luxury situation. It is such a powerful impact that it will most likely impact taste perception even before consumers have tasted the wine.**
- **The question that is apparent is which study is best to study this Champagne Effect? There are two credited sensory methodology that will be looked at, Check-All-That-Apply (CATA) and Sorting Tasks. Both can be used to help us disclose consumers perceptive bias on the evaluation of different brands.**

# Study Areas

- ***Study 1: Understand the power of the Champagne effect on the luxury sparkling wine sector.***
- ***Study 2: Understand the key lexicons and motivators that UK consumers use to describe taste elements of Sparkling Wines.***
- ***Study 3: Look into the main scenarios and prices when ESW is drunk.***

**Four main hypotheses which are:**

1. **Hypothesis One: ESW with its higher levels of acidity has a superior taste to Champagne although Champagne has the "Champagne effect" which influences people's taste perception.**
2. **Hypothesis Two: Different terminology is needed when describing wine to new customers in the UK.**
3. **Hypothesis Three: Wine knowledge is declining however consumers are willing to spend more on their wine.**
4. **Hypothesis Four: Sparkling wine is seen as a luxury product and will therefore be drunk in those luxury scenarios.**

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# Experiment

| Wine Code | Wines | Method |
|---|---|---|
| 188 | Lanson Black Label Brut NV | Blind |
| 885 | Veuve Clicquot Yellow Label Brut NV | Blind |
| 697 | Laurent Perrier La Cuvee  Brut | Blind |
| 337 | Ridgeview Bloomsbury Brut NV | Blind |
| 462 | Hambledon Classic Cuvee Brut NV | Blind |
| 837 | Nyetimber Classic Cuvee NV | Blind |
| 641 | Westwell Brut NV | Blind |
| 230 | Moet Chandon Brut NV | Blind |
| 780 | Ridgeview Bloomsbury Brut NV | Non Blind |
| 469 | Westwell Brut NV | Non Blind |
| 604 | Nyetimber Classic Cuvee NV | Non Blind |
| 959 | Laurent Perrier La Cuvee  Brut | Non Blind |
| 787 | Moet Chandon Brut NV | Non Blind |
| 836 | Lanson Black Label Brut NV | Non Blind |
| 287 | Veuve Clicquot Yellow Label Brut NV | Non Blind |
| 643 | Hambledon Classic Cuvee Brut NV | Non Blind |

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# Results

THE RESULTS ARE IN...

# The Results

- A T-test was performed for each wine, to compare if the average scores changed when the origin information (Champagne or ESW) was provided. The non-blind scores for 3 (Laurent, Moet and Veuve) out of the 4 Champagnes are statistically higher than the blind
- The empirical model used to test the regression was as follows:

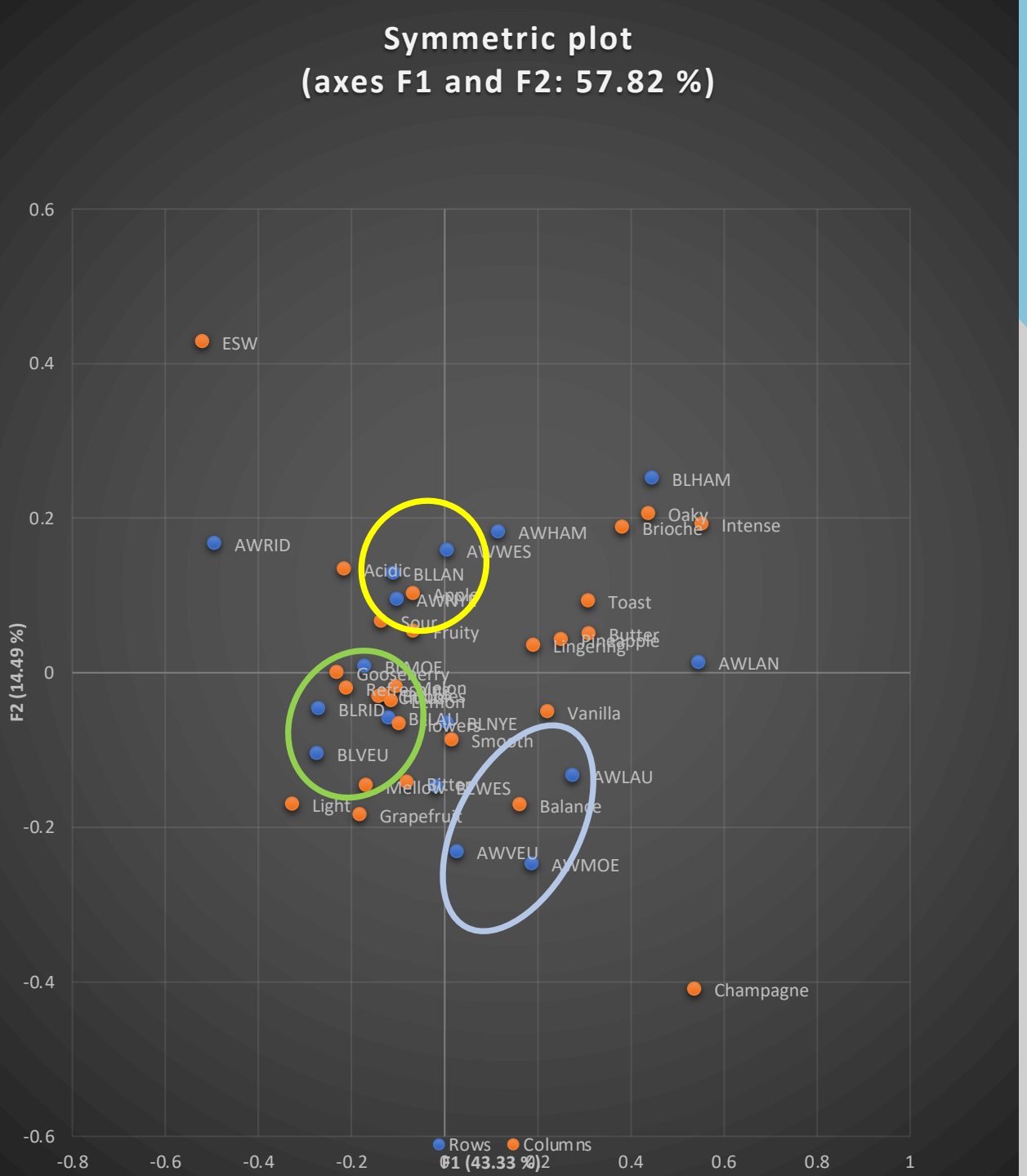
$$Likeability_{ijk2} = \alpha + \beta * Likeability_{ijk1} + \boldsymbol{\gamma}' CountryInformation_k + \boldsymbol{\delta}' X_i + \theta' Z_j + \mu_{ij}$$

- The dependent variable is the likeability score, ***i,*** given to wine ***j*** coming from country ***k i***n the non-blind part of the study when the information on the country of origin of the wines is revealed. The first explanatory variable is the likeability score given to the same wines in the first phase of the experiment which was conducted blind. This variable captures the intrinsic likeability of the wine for the consumer (no Champagne effect). The second set of variables, Country Information, is the main explanatory variable in the analysis and captures the information on the countries of origin of the wines provided in the non-blind part of the experiment. There is a dummy variable capturing the "UK vs French" effect. A positive $\gamma$ would imply a favourable UK bias effect, a negative $\gamma$ would imply a Champagne Effect. In the analysis control for a vector $X_i$ of wine consumers characteristics including age and gender are included.
- This means that the scores for the non-blind were systematically lower for ESW. From the results of the T-Test it has shown that this is not a bias against ESW but a bias in favour of the Champagnes. It demonstrates the impact of the "Champagne Effect" when the origin of the wine was informed in the study. Gender and sex do not seem to be relevant in the result. Age could be relevant but further research would be interesting in the area.

# The Results

THE RESULTS ARE IN...

| Descriptor | No. | Descriptor | No. |
|---|---|---|---|
| Citrus Fruit | 284 | Lychee | 88 |
| Acidic | 258 | Sweet | 85 |
| Apple | 253 | Peach | 80 |
| Bubbles | 243 | Astringent | 74 |
| Brioche | 229 | Apricots | 70 |
| Light | 216 | Elderflower | 69 |
| Lemon | 192 | Full bodied | 67 |
| Refreshing | 181 | Grass | 66 |
| Balanced | 178 | Expensive | 66 |
| Toast | 162 | Pungent | 66 |
| Smooth | 148 | French | 60 |
| Grapefruit | 147 | High Alcohol | 59 |
| Champagne | 138 | Luxury | 49 |
| Fruity | 130 | Beautiful | 48 |
| Sour | 130 | Mango | 48 |
| Flowers | 126 | Passionfruit | 48 |
| Butter | 123 | Chamomile | 48 |
| Lingering | 118 | Lifestyle | 45 |
| Bitter | 114 | Dried Apricots | 45 |
| Intense | 105 | Pure | 35 |
| ESW | 103 | Asparagus | 32 |
| Oaky | 102 | Party | 31 |
| Vanilla | 100 | Figs | 26 |
| Melon | 99 | Geranium | 22 |
| Gooseberry | 93 | Love | 16 |
| Pineapple | 92 | Rose | 14 |
| Mellow | 91 | | |

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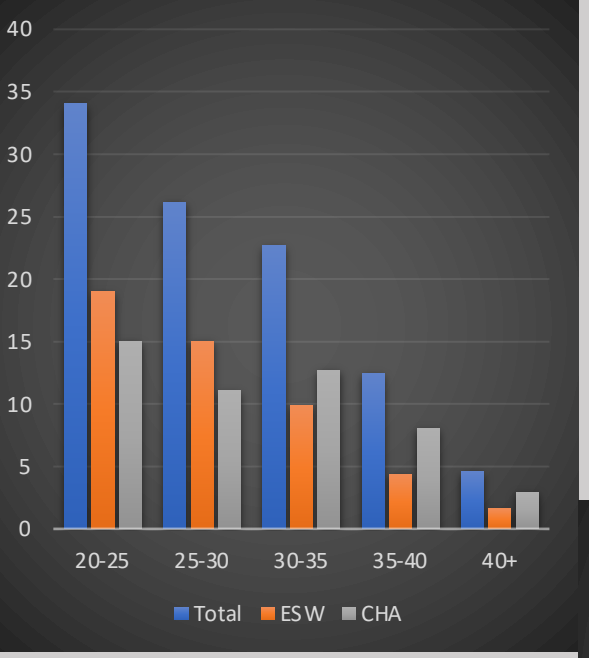
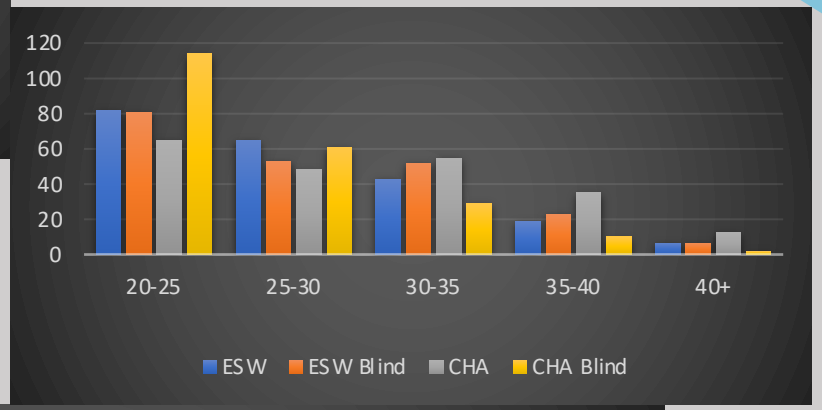
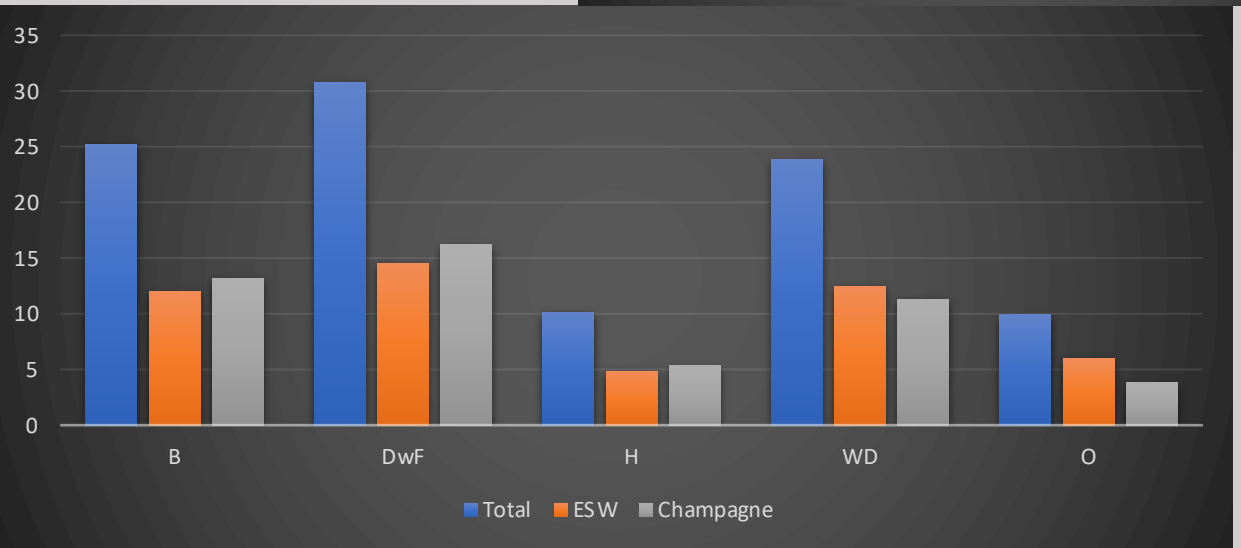



Graph 1




Graph 2




Graph 3

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# Conclusion


One overarching theme that came through from the study was that the Champagne Effect is real and is present in Luxury Sparkling wine. As soon as the wine is revealed consumers are influenced about how they should describe the wine and the taste descriptors that are present in the wine. Descriptors become much more about luxury than the aromas that people can taste and smell. When the Champagne Effect is removed, ESW makers should be extremely delighted in the fact that their wines came out on top.


THE
END