

Is there a future for (another?) Belgian Quality Sparkling Wine? And if so ... is there also a fortune in it?

Abstract

Recent participations at contests and tastings surprised me on the quality and quantity of Belgian Quality Sparkling Wines (BQSW), reinforced by a new study in and on Belgian viticulture and winemaking. Meetings with many producers indicated that, in view of the problematic quality of the last 2 vintages, many of them were also starting in this range or were seriously considering it.

Knowing the huge success of Cava and Prosecco below € 8 to € 10, the fidelity and strong image of Champagne above € 15 (with considerable direct purchase), and the difficulties the other traditional methods, based on reputation or name and price, are struggling with, I wondered if there was a real opportunity or future for predominantly mid-priced Belgian ones. Or could/would they become the hole in the donut?

In addition it was interesting to know if this was also applying to a complete new one, what has to be considered and if this could be worthwhile?

The objective to understand and well-found a conclusion on this tripartite question encountered some problems in finding sound literature, data and enough experienced winemakers willingly to share their knowledge. Belgian official accepted figures on BQSW have only started since the end of 2011, with only 4 producers professionally fulltime focused on BQSW and exceeding more than 10 years of competence. The Belgian market is known to have an important consumption of bubbles, but figures are originating from promotional bodies of third countries.

Collecting data had to be done through the marketing bureaus of the different other sparklings. Fortunately also through a new cooperation agreement between the University of Hasselt, Department of Economics, and the Federal Public Services, Ministry of Economics and Agriculture involved in setting up and controlling the Belgian appellations since 1997 after an European model. Many calls and email exchanges have been necessary.

In trying to understand motives and to get more contacts, a small survey was handed over or send to some 70 participants (future and existing winemakers) followed by a personal visit to about 20 producers, including the major online resellers. Helpful was also my personal experience in being recently a portfolio restructurer and buyer for 2 of the most important Horeca cash & carry's, having equally a long standing experience in retail and smaller import and distribution systems.

Rather quickly came from the gathered information that the study into a new sparkling wine production unit and the profitability of it was leading to far, subject to a whole dissertation on its own, and had to be resumed into some brief attention points.

In trying to understand the actual situation of Belgian Wines a short research into and evoking a surprising long history was necessary.

Likewise surprising is the important amount of the Belgian consumption, showing the tremendous opportunity in gaining only a small fraction of the still growing market share in sparkling wines, valued today at about 44 millions liters.

Recent figures on the BQSW production are resulting in only 0,4 % part of this, leaving amply room for growth in the mid-priced range of sparkling were a lot of competitors are struggling with either quality image, reputation or brand awareness.

How the Belgian market is regulated on appellations and what the hindrance by duties and taxes is causing in price structure and competition is evoked in another chapter.

One important outcome is that BQSW on its own doesn't exist, that there is no real added value in the actual different names and a new possible umbrella name like Cava or even Champagne is (urgently?) needed.

After some different motives to produce BQSW, a short SWOT analysis is conducted before summarizing some possible ways to promote these wines.

Enters the question if there is also a future on another new sparkling wine, how to start this venture, what it takes and what the possible outcome could be?

There is the difficulty to find enough valuable and affordable space, the necessity to invest the important amount of more than € 450.000 for a necessary 4 Ha winery, the difficulty to start into the market and to get a small return on every sold bottle.

In view of the minute supply to the general demand, the conclusion that there is a future for Belgian Quality Sparkling wine is rather easy to take or obvious.

If at least some observations are taken into consideration.

Due to the costs, a minimum pricing of around € 15 is necessary, which has to be justified and valued by the consumers. The focus must then be on creating and offering quality and reputation. BQSW can and has to offer originality and regionality; the story has to be right.

In Maslow's consumers 'Hierarchy of Needs', BQSW never can take a share in the big consumption pool of basic needs, but certainly on the penultimate level of esteem where serving it make an impression that justifies its price tag. And maybe also get on the final level of self-actualization where the consideration plays of the hows and whys.

Producers have everything to gain to take part at as many contests and events as (financial) possible, to look into possible ways of organization and cooperation.

Starting from scratch a new winery isn't put away for me, except after winning the lottery or finding a generous Maecenas. Others can maybe find a patient venture capitalist, but most new BQSW will come from expanding and switching existing wineries, or will be founded by wealthy 'second-lifers' and certainly from conversion of existing and actual less profitable agricultural entities.

The adage that 'to gain a small fortune in wine, you have to start with a large one' is still in place. It's a business based on numbers where you have to be able to calculate right, but also involving a great deal of knowledge, conviction and certainly passion.

Having spread the thesis on the 3 axis's of the potential, the creation and the profitability, the attention or focus on marketing (the 4 to 7 P's?) and all the tools, the ways to approach and to convince the market and his consumers, has been not enough deepened.

There wasn't enough time and space to cover entirely this challenging topic.

It was however an interesting journey into a lesser-known part of the wine world.

Thoughts and ideas are still popping up, as also new questions such as for example 'what if' followed by: climatic conditions changes, there is increasing economic and market regression, there are quality issues, etc...

I'm very grateful for all the new or improved contacts and relations that this dissertation has produced and for the passion that has been shared.

An improved ambassador for Belgian Wines and in particular Quality Sparkling Wines has arisen from it.

Thanks.