Consumer Countries/Markets

The Sparkling Wine Boom, Cava Quietly Emerges In The U.S. Market

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While Prosecco has surged and Champagne has enjoyed impressive growth over the past few years, Cava has quietly made solid progress of its own in the U.S. Last year, the Spanish sparkler grew by 8.6% to 1.65 million cases—just 60,000 cases shy of Champagne, though still far behind Prosecco’s more than 4 million cases of U.S. volume.

"Consumers see non-Champagne sparkling wine as a superior price-value proposition," says Tom Burnet, president of Freixenet USA, which controls roughly half of the U.S. market’s Cava sales with its Freixenet flagship brand as well as stablemate Segura Viudas. "As sparkling wine becomes more of an everyday drink, categories like Prosecco and Cava will continue to do well."

Top-selling Cava brand Freixenet has made strong gains over the past two years, while Segura Viudas has become a major player in its own right, surpassing the 250,000-case threshold on double-digit growth in 2015. Progress has continued into 2016, with Segura Viudas up by around 20% in Nielsen channels and Freixenet up 9%.

"We’ve been much more active in marketing to Millennials over the past few years,” says Burnet. “That includes focusing less on traditional marketing and more on experiential marketing.” With the Freixenet brand, the company has tapped into marketing support for Halloween festivities—in New York in 2014 and New Orleans last year. Additionally, Burnet says a key focus has been promoting mixability—marketing Freixenet as a cocktail component both for on- and off-premise consumption.

CIV USA’s Jaume Serra Cristalino and Opera Prima are also among Cava’s leading brands, giving CIV USA a category share of more than 30%. Meanwhile, Codorníu, a force in the global Cava market, lacks a major presence in the U.S.—where it’s handled by Codorníu subsidiary Aveníu Brands—but it’s also showing promise. “We’re outpacing the category in the U.S. with Anna de Codorníu (the brand’s flagship offering), but we don’t really focus specifically on the Cava segment,” says Javier Pagés, CEO of Grupo Codorníu. “We view our competitors as the best sparkling wines, from across Champagne, Prosecco, the domestic segment and Cava.” —Peter Zwiebach

Source: Shanken News Daily
Economic Environment

U.S. Economic Confidence Stuck at Lower Level

Americans’ confidence in the economy remains weak, with Gallup's U.S. Economic Confidence Index at -17 last week, consistent with levels seen since mid-June. This is in contrast to the stronger confidence levels seen for most of the first half of the year, when the index averaged -12.

The reasons for lower public confidence in the economy since mid-June compared with the beginning of the year are unclear. Economic confidence initially fell the week ending June 19, before the Brexit decision on June 23. Concerns about national security and its effect on the U.S. economy in the wake of international terrorism also do not appear to explain the dip.

Notably, several positive economic signs have not boosted confidence. National gas prices remain low; U.S. stock prices hit record highs last week; consumer spending is sturdy; and job creation, as reported by the U.S. Bureau of Labor Statistics, picked up in June after a disappointing May.

One possibility is that the U.S. presidential election is creating uncertainty about the future of the economy. Another possible explanation is that Americans need to see more evidence of GDP growth, wage growth and sustained improvement in the job market before their confidence in the economy will show signs of life.

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