Sparkling Wine: The Growth of this Category of Wine in South Africa

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Sarah Newton

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Abstract

This report provides details on the trends observed in various aspects of South Africa's sparkling wine industry between 1998 and 2008/9. It also provides brief overviews of the production of Champagne, Methodé Cap Classique, carbonated sparkling wines and sparkling wines made by other methods, commercially available on the South African market.

Sparkling wine, and in particular the premium wines made using the traditional method, is a category of wine of growing significance in the South African market. Production, sales and consumption have risen steadily and there is a proliferation of both local and imported brands on the market.

As a category, Methodé Cap Classique has gone from strength to strength in production, consumption, price and quality. Brut styled white wines predominate. Stellenbosch has emerged as the leading area of production.

The category of carbonated sparkling wine has seen similar growth over the same time period. Most of the wine available is sweet and white. The local market is dominated by a handful of brands and most carbonated sparkling wine brands are produced in the Breede River Valley area.

Domestic sales and consumption of both Methodé Cap Classique and carbonated sparkling wines have steadily increased, as has the price per litre. The emerging black market, while not yet a significant consumer of sparkling wine, needs to be developed.

In line with the trend for other exported South African wine, exports of sparkling wine have increased. Imports of sparkling wine also increased between 1998 and 2008. Peaks in the trend tend to correspond with peaks in Champagne exports, which comprise the largest portion of imported sparkling wine.

Predicted trends for the future of the South African wine industry were positive. At the end of the period under review however, the global economy began to go into recession. At the time of writing, too little information was available to assess with any certainty the impact of this on the trends of the future. It is likely that these will be positive for production, consumption, sales and quality of sparkling wine. Developing the emerging black market will be critical.

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1. Introduction

Sparkling wine, and in particular the premium wine made using the ôMéthode Champenoiseô or traditional method, is a category of wine of growing significance in the South African market (Eedes, 2007B; Latimer, 2008).

While much has been written about the making of Champagne and Methodé Cap Classique, relatively little information is available outside of statistical data and marketing studies about the production and sales trends of these wines. The same is true for carbonated sparkling wines, which comprise the bulk of the South African sparkling wine market.

In order to gain more insight into the South African market for sparkling wine, the objectives of this study are to:

- Review the various styles of sparkling wines available in South Africa.
- Examine the local trends in this category since 1998.
- Examine the trends in exports and imports for this category since 1998.
- Discuss the reasons for and possible future of these trends.

For the purposes of this study, sparkling wine is defined as ñwine carbonated (either by fermentation or by impregnation with carbon dioxide) to the extent that the pressure in the container in which it is sold is more than 300 kPaò (SAWIS, 2009).

Sources of information used to collate the raw data for the examination of trends were as follows:

- Platterõs South African Wine Guide, editions from 1998 to 2009.
- WINE Magazine ratings for sparkling wine from 1998 to 2008.
- Veritas Awards for sparkling wine from 1998 to 2008.
- The South African Wine Industry Statistics, as published by South African Wine Industry Information and Systems (SAWIS) from 1998 to 2009.

2. Styles of Sparkling Wine Available in South Africa

This section provides an overview of the various methods of production and styles of sparkling wine available in South Africa. For each method of production, a brief description of the vinification is given. The different styles of wine that can be made using each method of production are also described and, where applicable, special viticultural techniques are described.

The various styles of wine have the following in common:

- Base wines are made by fermenting grapes (primary fermentation).
- Bubbles are introduced into the wine either by secondary fermentation or carbonation.

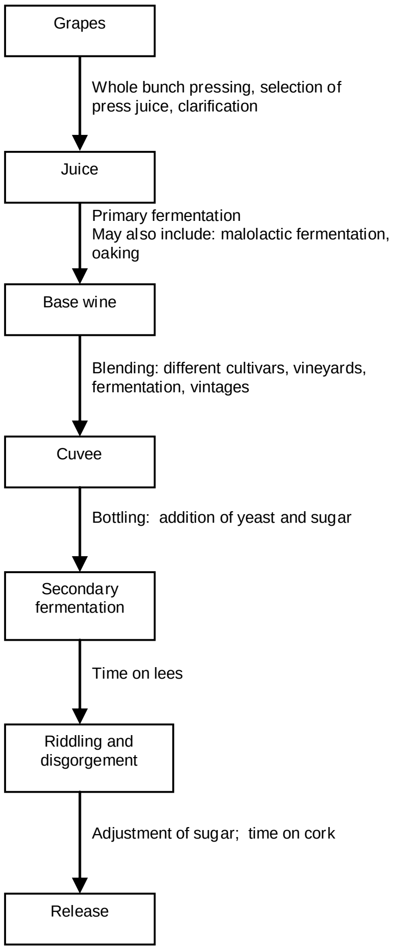
Most of the methods described below use secondary fermentation to introduce bubbles into the wine.

2.1. Bottle Fermented (Traditional Method) Sparkling Wine

This is arguably the most important method of producing sparkling wine. The method is distinguished by the secondary fermentation occurring in the bottle in which the wine is to be sold. The main steps in the basic process are given in Figure 1.

Where not specifically referenced, information for this section is taken from Dominé, 2004; Halliday and Johnson, 1999; Hands and Hughes, 1997; Robinson, 1999 and Stevenson, 1999.

Figure 1: Flow diagram for vinification of bottle fermented sparkling wine



2.1.1. Champagne

Although Champagne constitutes only about eight percent of the world's sparkling wine production (Wikipedia, 2009), these are the most famous sparkling wines in the world. As required by the Comité Interprofessionel du Vin de Champagne (CIVC), Champagne is made from grapes grown in a designated area in the north of France, using the traditional method of vinification.

2.1.1.1. *Viticulture*

Champagne has a unique combination of a long cool growing season and chalky soils which result in grapes with the requisite acidity and flavour components when ripe. Grape varieties used are Chardonnay, Pinot Meunier and Pinot Noir. Yields are dictated by the appellation contrôlée laws and harvesting is by hand in order to ensure whole bunches for pressing and to avoid damage to the grapes.

2.1.1.2. *Vinification*

The grapes are whole bunch pressed and only the first pressing (two thousand and forty litres per four tonnes, as specified by the appellation laws) is used for the base wine. The wine may undergo oak treatment or malolactic fermentation, depending on the style to be made.

Once the primary fermentation is complete and the wine has been stabilised and clarified, the cuvée is blended. This is one of the most important aspects of making Champagne, as it allows the various houses to create wines that are stylistically consistent across vintages, where desired. The number of wines blended into the cuvée varies considerably and can be as many as a few hundred. Wines from different grape cultivars, vineyards, vintages and vinification methods can be combined to form the cuvée.

The final blend is then bottled under crown cap. Yeast and sugar (liqueur de tirage) are added to allow the secondary fermentation. During this process, the carbon dioxide evolved dissolves in the wine to eventually form the all-important bubbles once the bottle is opened for consumption.

After the secondary fermentation is complete, the wine is allowed to spend a minimum of fifteen months on the lees (and frequently much longer). The longer the wine spends on the lees, the greater the complexity in the final product. It then undergoes riddling (or remuage). Riddling is the process of moving the spent yeast cells into the neck of the bottle, so that they can be removed, resulting in a clear wine. This is traditionally done by hand using A-shaped wooden frames called pupitres; a process that is both labour intensive and time-consuming. The Spanish invented an automated device which can handle many bottles at once, called a gyropalette, which has significantly reduced the time involved. The bulk of Champagne is riddled using these, although the hand method is still used in small operations and for special wines. There have also been technological advances in yeast strains, methods of adding yeast to the wine and bottle manufacture that have simplified this process.

The wine is then disgorged (degorged), either by hand or mechanically, by freezing the small amount of wine and yeast in the neck and opening the bottle to expel the frozen pellet. The sugar level (dosage), and occasionally the colour, of the wine is adjusted when the level of wine in the bottles is topped up with the liqueur de expédition, a mixture of base wine and sugar. A cork is then inserted into the bottle, along with a capsule (plaque de muselet) and a wire cage (muselet) to secure the cork. The wine is now ready for release, although some producers may store the wine for a period (maturation on cork).

Very small and very large bottles are difficult to handle using the normal methods for production. For these, the above method is slightly altered. After disgorgement, the wine is transferred to a pressurised tank and the sugar level adjusted. The wine is then bottled under pressure (Robinson, 1999).

2.1.1.3. *Styles*

The three main criteria for style in Champagne are vintage, grape cultivar and sugar level. The sections below deal with the various styles of Champagne commercially available in South Africa.

2.1.1.3.1. Vintage

Non-vintage wines comprise the bulk of Champagne. A Champagne house produces a non-vintage wine to illustrate the house “style” and it is important that this wine be consistent from year to year. These wines are always blended across vintages and are often blends of different grapes. It is, however, permissible to bottle any of the styles listed under sections 2.1.1.3.2 and 2.1.1.3.3 as non-vintage. The minimum ageing period (on the lees) for non-vintage Champagne is fifteen months. These wines are usually designed for immediate consumption.

Vintage Champagne is produced from wine that is from a single vintage. In theory, only the very best grapes from the best years are used to produce vintage Champagne. This style is designed to reflect the character of the vintage in which it was made. As with non-vintage wines, these can be made either as blends of cultivars or single cultivar wines. Most vintage wines available in South Africa are produced as Brut. The minimum ageing period (on the lees) for vintage Champagne is three years. These are wines that can be matured in the bottle after release.

Prestige (or deluxe) brands are intended to be the pinnacle of the Champagne house’s production. These are usually vintage wines, made from only the very best grapes. Vinification is done using traditional methods. Some of these wines are stored on the lees for longer than either the vintage or non-vintage (Coates, 2000). These wines are meant to have ageing potential.

Many of the Champagne houses represented in the South African market have a prestige cuvée in their portfolio. These are typically the most expensive Champagnes on the South African market. A couple of the better known examples of prestige Champagnes are Moët et Chandon's Dom Perignon, Roederer's Cristal and Veuve Clicquot's La Grande Dame.

2.1.1.3.2. Grape cultivar

A large proportion of Champagne is white wine blended from a combination of Chardonnay, Pinot Noir and Pinot Meunier. Blanc de Blancs is made only from Chardonnay grapes, although other grapes were permitted pre-Phylloxera. Very small plantings or Arbanne, Pinot Blanc and Pinot Meslier still exist.

Blanc de Noirs is made only from Pinot Meunier and/or Pinot Noir grapes. The grapes are handled very carefully in the vineyard and during pressing to avoid colouration of the wine.

Rosé can be made either from single cultivars or a blend of cultivars. It can be made as a white wine, with the colour added as red wine during the wine top-up after disgorging, or as a pink wine which then undergoes the secondary fermentation. The colour in the base wine is either from skin contact with red grapes or from blending red and white wines.

2.1.1.3.3. Sugar level

Most Champagne is bottled as Brut, that is, with less than fifteen grams per litre of sugar. Other styles of Champagne commercially available in South Africa include Brut Nature, also called extra Brut, with less than three grams per litre of sugar (no dosage added) and Demi-Sec, with between thirty three and fifty grams per litre of sugar.

2.1.2. Méthode Cap Classique

Methodé Cap Classique (Cap Classique or MCC) is the name used to refer to the South African sparkling wines made by the 'traditional method'. The term was coined in 1992 in response to the ban on the use of the words 'Champagne' and 'Champenoise' for anything other than bottle fermented sparkling wine from the Champagne region (Cap Classique Association).

2.1.2.1. *Viticulture*

Viticultural practices for Cap Classique are similar to that for Champagne, with important variations which are related to the differences in terroir. The South African producer of Cap Classique has to find the fine line between picking grapes which are too green and grapes which are too ripe. The former will result in wines with unpleasant green flavours and the latter in flabby wines, which may have overbearing flavours. This optimal zone occurs between seventeen and twenty degrees balling (Eedes, 2002B) and requires vines which are in balance (Mossop, 2004).

There is no restriction on what grapes can be used for the production of Cap Classique. The Cap Classique Association recommends the use of specific cultivars (Cap Classique Association) such as Chardonnay, Pinot Noir and Pinot Meunier. To date there are only very small plantings of the last-mentioned and Pinotage can be used to fulfil the place of this (Eedes, 2002A).

2.1.2.2. *Vinification*

Vinification of Cap Classique is that same as that for Champagne (Hands and Hughes, 1997), but the legal minimum time on the lees is nine months (South African Government, 1990). The Cap Classique Association recommends a minimum time of twelve months (Cap Classique Association), but many producers allow their wines longer on the lees.

2.1.2.3. *Styles*

The main criteria for style in Cap Classique are vintage, grape cultivar and sugar level. The sections below deal with the various styles of Cap Classique commercially available in South Africa.

2.1.2.3.1. Vintage

Cap Classique is produced as both vintage and non-vintage wine. In South Africa, however, the connotation of premium quality that is traditionally associated with vintage Champagne does not really apply. Many producers of Cap Classique produce a wine which has a vintage date every year, regardless of the relative quality of the wine.

A handful of Cap Classique producers can also be considered to produce a prestige brand. These are producers with a long history of producing quality Cap Classique, where the prestige brand is a premium-priced wine carefully selected from the best vintages and grapes and released after a considerable time on the lees. The better known examples are Desiderius and Scintilla, both made by the House of J.C. Le Roux.

2.1.2.3.2. Grape cultivar

There is no restriction on the grape cultivars which can be used to produce Cap Classique, however the majority of the wines are made from Chardonnay and/or Pinot Noir. Chenin Blanc and Pinotage are among the more widely used of other grapes. Many Cap Classique wines are blend of different grape cultivars.

As with Champagne, Blanc de Blancs is made only from white grapes and Blanc de Noirs is made only from red grapes. The latter term, however, is not widely used. For single cultivar wines, Cap Classique is also sometimes labelled with the grape cultivar, rather than a stylistic name. Rosé Cap Classique is made like Rosé Champagne. Many of the pink Cap Classique wines are made only from red grapes.

2.1.2.3.3. Sugar level

Most Cap Classique is bottled as Brut, that is, with less than fifteen grams per litre of sugar. Other styles of Cap Classique commercially available in South Africa include a couple of Brut Nature (zero dosage) wines, with less than three grams per litre sugar. There are a few off-dry (the official classification is ñDryòor Sec) to semi-sweet (Demi-sec) wines, with seventeen to thirty five and thirty three to fifty grams per litre of sugar, respectively (South African Government, 1990).

2.1.3. Other

This section will cover, very briefly, various sparkling wines made in the traditional method, other than Champagne and Cap Classique, readily available on the South African market. Wines not listed here include certain other regions in France and Europe as well as those produced in Asia, Australia, Canada, New Zealand, South America and the United States of America.

2.1.3.1. French Sparking Wines (Crémant)

Crémant de Bourgogne is made from predominantly Chardonnay and Pinot Noir, with Aligoté, Gamay, and other grape cultivars (Wikipedia, 2009). A variety of styles of Brut Crémant de Bourgogne can be found in South Africa, including Blanc de Blancs and Blanc de Noir.

Crémant de Loire is made predominantly from Chenin Blanc, with Cabernet Franc, Chardonnay, Gamay and others. Some of these sparkling wines are still bottled under the old Appellations such as Vouvray and Saumur (Wikipedia, 2009). The wines found in South Africa are usually white sparkling wines with Brut sugar levels.

2.1.3.2. Spanish Sparkling Wines (Cava)

Cava is made from the Spanish grapes Macabeo, Parellada and Xarello as well as Chardonnay and Pinot Noir and a few other cultivars. Cava is available as non-vintage and vintage Brut, Rosé, and sweeter sparkling wine.

2.1.3.3. Italian Sparkling Wines (Spumante)

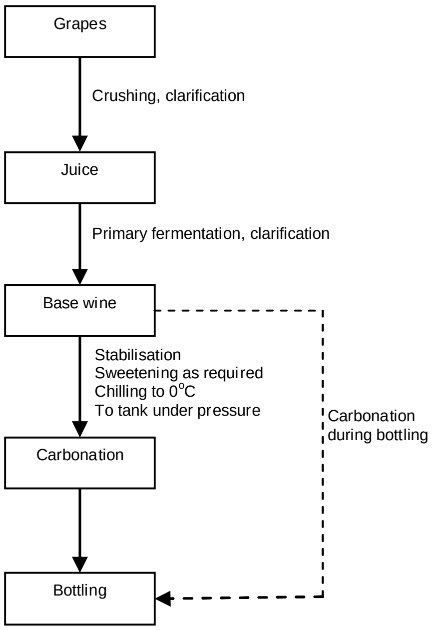
Italian sparkling wines made using the traditional method contain mainly Chardonnay, Pinot Blanc, Pinot Gris and Pinot Noir grapes. Bottle fermented sparkling wines are made mainly in the Franciacorta and Trento appellations, where the use of the word ŏSpumanteô on labels is no longer prevalent (Robinson, 1999). Vintage and non-vintage white and Rosé wines are available.

2.2. Carbonated Sparkling Wine

By far the greatest volume of sparkling wine sold in South Africa is made using carbonation as the method of introducing the bubbles into the wine (SAWIS, 2009). Carbon dioxide is introduced into the wine under pressure. While this is a widely used method of production in South Africa, according to Robinson (1999) only approximately ten percent of sparkling wine worldwide is made using carbonation. Consequently, viticulture and vinification will only be discussed for this country.

The main steps in the basic process are given in Figure 2 below.

Figure 2: Flow diagram for vinification of carbonated sparkling wine



2.2.1. Viticulture

Viticulture for carbonated sparkling wines is practised with the same aim as that for sparkling wines made by the traditional method (Rankine, 2002). The requirement is for must with high acidity, low pH and lower than normal content of flavour components (Halliday and Johnson, 1999), although sugar levels are usually higher. There is no restriction for the grape cultivars used for carbonated sparkling wine. Cultivars frequently used include Chardonnay, Chenin Blanc, Pinotage, Sauvignon Blanc and the Muscat family.

2.2.2. Vinification

The base wine for the production of sparkling wines using the carbonation method is made in a similar way to that for Cap Classique. The final wine should have clean fruit character. There must also be no off odours or flavours, which would be enhanced by the effervescence (Rankine, 2002; Eedes 2004).

Unlike sparkling wines by other methods, the sugar levels for carbonated sparkling wine are adjusted before the introduction of carbon dioxide (Kench et al, 1983). The wine is transferred to a tank under a blanket of carbon dioxide and chilled to zero degrees Celsius.

The cold wine is passed though a carbonator and then stored under pressure to allow for complete absorption of the carbon dioxide. Finally, the wine is bottled under pressure (Encyclopædia Britannica Online, 2009; Rankine, 2002)

2.2.3. Styles

The styles of carbonated sparkling wine are differentiated by colour and sugar level. The wines can be white, pink or red. White carbonated sparkling wines are made using white grape cultivars. Pink wines are usually made by blending red and white wine, although some of the better wines are made from red grape cultivars only. Red carbonated sparkling wines are made from red grapes.

Carbonated sparkling wines can be produced with the following residual sugar levels (South African Government, 1990):

- Extra Brut: less than six grams per litre.
- Brut: less than fifteen grams per litre.
- Extra Dry: between twelve and twenty grams per litre.
- Dry (Sec): between seventeen and thirty-five grams per litre.
- Semi-Sweet: between thirty-three and fifty grams per litre.
- Sweet (Doux): more than fifty grams per litre.

2.3. Other Methods of Sparkling Wine Production

The traditional method and carbonation are the most important methods of sparkling wine production in South Africa. There are also wines available on the market (both local and imported) made using other methods. These are briefly described in this section.

2.3.1. The Charmat Method

This is also called the tank or cuvée close method. The base wine is vinified in the same way as for the traditional method. The second fermentation takes place in a pressurised tank. Once this is complete, the wine is chilled to below zero degrees Celsius to facilitate absorption of the carbon dioxide. The wine is then removed off the lees to a second tank where the sugar level is adjusted. It is then clarified (usually by filtration) and bottled under pressure (Rankine, 2002; Robinson, 1999).

The Charmat method is widely used in Italy to produced wines such as Asti Spumante and Prosecco. The greater proportion of German Sekt is also produced using this method (Dominé, 2004; Robinson, 1999; Stevenson, 1999). The less expensive sparkling wines in Australia and the United States of America are also made using the Charmat method (Wikipedia, 2009).

2.3.2. The Continuous Method

The continuous method is a variation of the Charmat method as described above.
Several (usually five) linked, pressurised tanks are used. In the first tank, yeast and sugar are continuously added to the base wine for the second fermentation. The next two tanks contain some material that will allow the dead yeasts cell to accumulate. This allows for both lees contact for the wine and clarification of the wine. The next two tanks are used for further clarification of the wine. Bottling is done continuously (Rankine, 2002; Robinson, 1999).

The continuous method was developed in the (then) USSR and is also used in Germany and Portugal (Rankine, 2002; Robinson, 1999).

2.3.3. The Transfer Method

Up to the point where the wine is ready to be disgorged, the transfer method is identical to the traditional method. The bottles are chilled and the contents transferred to tank under pressure. The wine is filtered and the sugar level adjusted before bottling under pressure into fresh bottles (Robinson, 1999).

3. Trends in Sparkling Wine: Methodé Cap Classique

This section deals with the examination of trends in Cap Classique production and perceived quality.

The data was drawn from the following sources:

- Platter's South African Wine Guide, 1998 to 2009.
- South African Wine Industry Statistics, 1998 to 2009.
- Veritas Awards, 1998 to 2008.
- WINE Magazine, 1998 to 2008.

Data was captured as provided by the various sources. It has been assumed that the data is free of omissions and errors. Unless otherwise specified, the data refers to the number of sparkling wine brands exhibiting a given characteristic. Where necessary, data was recalculated to percentage or different units of reporting to facilitate use and understanding.

As far as possible, data is tabulated and presented graphically. It should be noted that the relatively small numbers involved mean that a small fluctuation in the number of brands may show an apparently significant fluctuation in the trends.

3.1. Trends in Styles Produced

The objective of this section is to identify whether there are any definite trends to be observed in the styles of Cap Classique produced since 1998.

All data was drawn from the Platter's South African Wine Guide from the 1998 edition to the 2009 edition. Where the author knew certainly otherwise, rectifications were made for omissions and errors.

For the purposes of this section, the following conventions were adopted:

- The wines were divided into the following style categories:
    - Standard: any wine which did not fit into one of the following categories.
    - Blanc de Blancs: any Cap Classique made from all white grape varieties.
    - Rosé: any pink Cap Classique.
    - Sweet: any Cap Classique with a sugar level above fifteen grams per litre.
    - Red: any red Cap Classique.

- Vintage dated Cap Classique was not given a separate category, as a large proportion of the wines are bottled with a vintage date, regardless of the quality of the wine.
- In order to simplify presentation of the data, prestige brands are not detailed in a separate category.

A summary of the data is presented in Table 1 below.

Table 1: Styles of Cap Classique

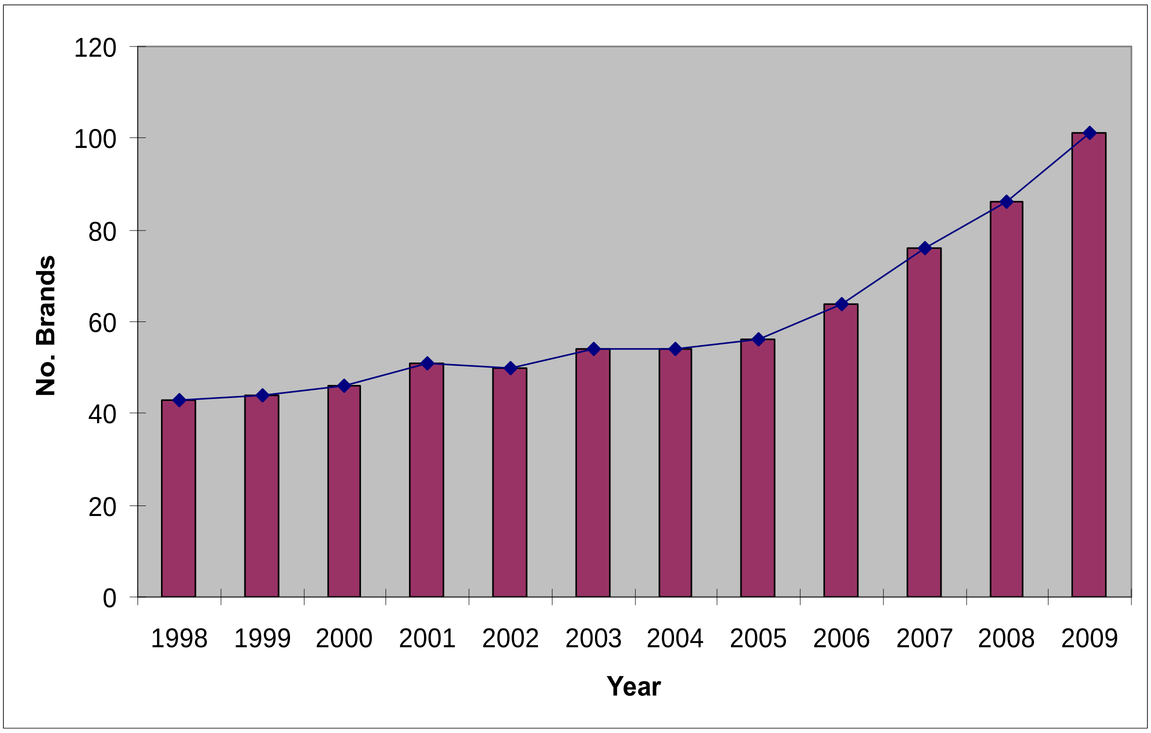
Year	Style as number of brands				
	Standard	**Blanc de Blancs**	**Rosé**	**Sweet**	**Red**
1998	29	9	5	0	0
1999	32	8	4	0	0
2000	30	9	4	1	2
2001	34	10	4	1	2
2002	33	10	4	1	2
2003	34	12	5	1	2
2004	38	9	6	1	0
2005	35	14	5	2	0
2006	38	19	5	2	0
2007	42	21	9	3	1
2008	48	22	12	3	1
2009	58	25	14	3	1

It is clear from the table above that Cap Classique made in the Brut style from a blend of red and white cultivars comprises the largest number of these wines produced in South Africa. This varies between fifty-five and seventy-five percent of the total brands. Blanc de Blancs is the second largest category, at between seventeen and thirty percent of the total brands, followed by Rosé at between seven and a half and fourteen percent of the total brands.

While sweet Cap Classique may comprise a significant part of domestic sales by volume, as a style category, it is relatively insignificant, with only a maximum of three brands (Graham Beck Bliss, J.C. Le Roux La Vallée and Simonsig Encore) on the market at any one time in the period under review. Red Cap Classique is the smallest category of all, with only a maximum of two brands on the market at any point in time.

The trend in the total production is illustrated in Figure 3.

Figure 3: Overall trend in number of Cap Classique brands

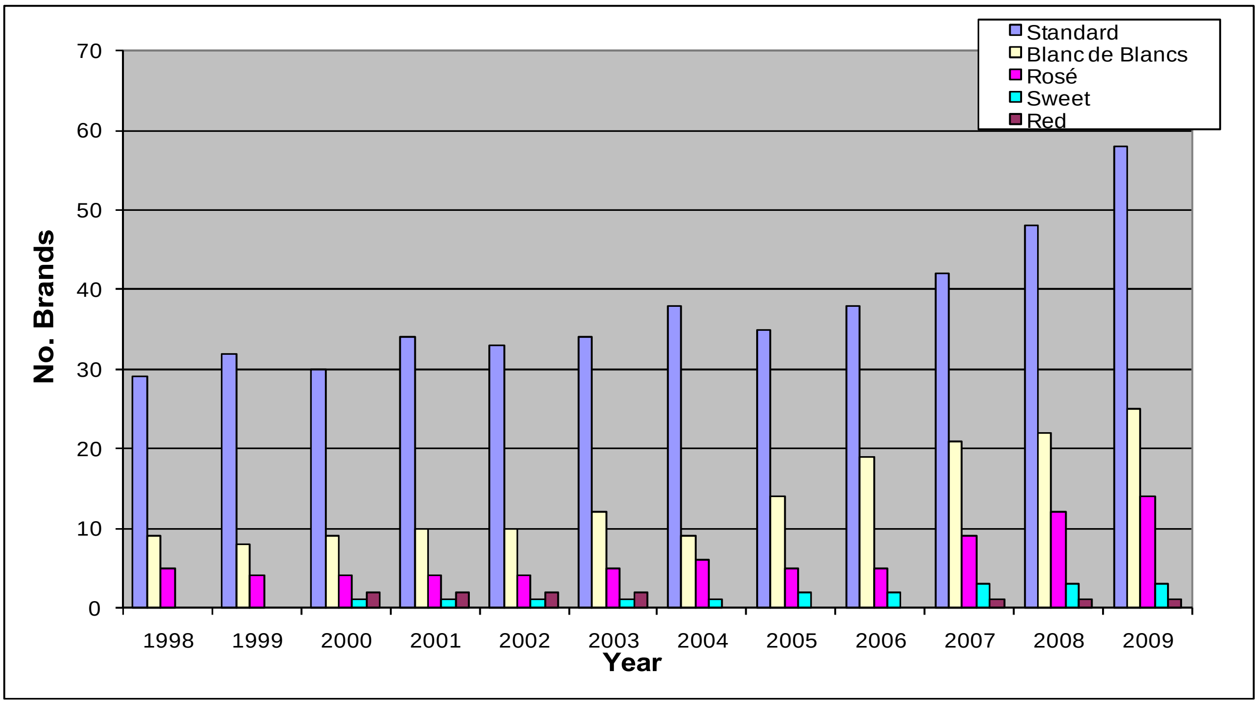


There has been a one hundred and thirty-five percent increase in the number of brands of Cap Classique available in the twelve year period under review. The trend shows a gradual increase up to 2005 and becomes increasingly steep in subsequent years.

This follows general trends in South African wine production (SAWIS, 2009), although the overall changes for Cap Classique are greater. It also agrees with perceptions that more Cap Classique is being consumed (Eedes, 2007A; Eedes 2008; Hughes, 2005; McDonald, 2006), as it is unlikely that there would be increased production without increased demand. The increased demand for Cap Classique can be attributed to the global phenomenon of ôpremiumisationö, education of consumers by bodies such as the Cap Classique Association; and successful campaigns which focus on marketing sparkling wine as a lifestyle product rather than a celebratory one (Bottega, 2009; Eedes, 2007A; Latimer, 2008; Eedes, 2007B, Eedes 2008; Latimer, 2008).

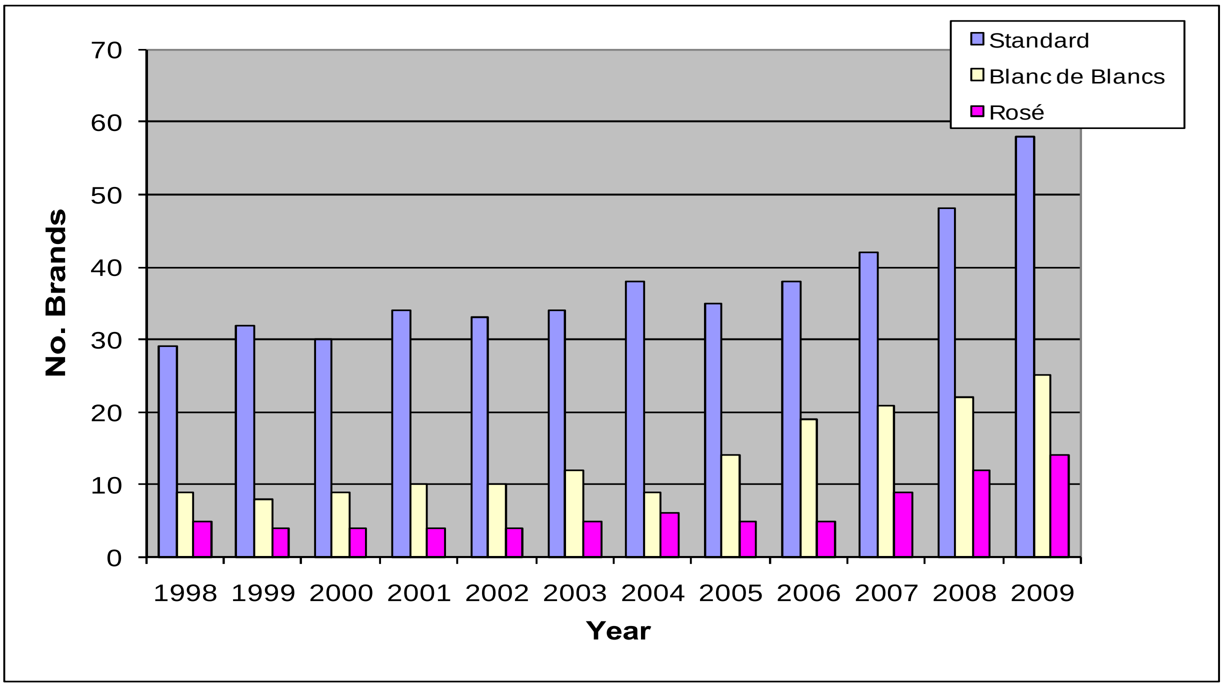
The trends in the various styles of Cap Classique are illustrated in Figure 4 and 5 below. Figure 4 shows the information for all styles of the wine. Figure 5 shows the trends in the number of brands available for ñStandardò, Blanc de Blancs and Rosé Cap Classique only, in order to more clearly demonstrate the trends for these styles.

Figure 4: Trends in styles of Cap Classique: all styles



The dominance of the ñStandardò style of Cap Classique is clear, as is the relative insignificance of the Sweet and Red brands relative to the total number of brands.

Figure 5: Trends in styles of Cap Classique: Standard, Blanc de Blancs and Rosé



All three styles show some fluctuation prior to 2005. Subsequent to 2005, all three styles show a constant increasing trend, which is least steep for Blanc de Blancs. The steepest increase of all is the eighty percent jump in the number of Rosé brands between 2006 and 2007 which reflects the growing popularity of all Rosé wines worldwide (Lourens, 2007; Hughes, 2005).

While they are not included as a separate category in the tabulated and graphical data given above, there are five brands of Cap Classique that could arguably be described as Prestige brands. Only one of these, Simonsig Cuvée Royale, has been made throughout the twelve year period under review. Two, Pongracz Desiderius and J.C. Le Roux Scintilla, were introduced in the early to mid-2000's. Subsequent to this there was a five year hiatus, before the introduction of another two wines, House of Krone Nicolas Charles Krone Marque 1 and Graham Beck Cuvée Clive in 2008 and 2009, respectively.

3.2. Trends in Area of Production

The objective of this section is to identify whether there are any definite trends to be observed in the areas in which Cap Classique has been produced since 1998.

All data was drawn from the Platter's South African Wine Guide from the 1998 edition to the 2009 edition. Where the author knew certainly otherwise, rectifications were made for omissions and errors.

For the purposes of this section, the following conventions were adopted:

- Where no information was available about the origin of the wine, it was taken to be of origin Western Cape.
- The following abbreviations are used for areas:
  - Const: Constantia, Durbanville and Hout Bay.
  - F'hoek: Franschhoek.
  - Paarl: Paarl.
  - Rob: Robertson.
  - Stell: Stellenbosch.
  - Wor: Worcester.
  - WC: Western Cape.
  - Other: Darling, Elgin, Napier, Plettenberg Bay, Tulbagh, Walker Bay.

A summary of the data is presented in Table 2 below.

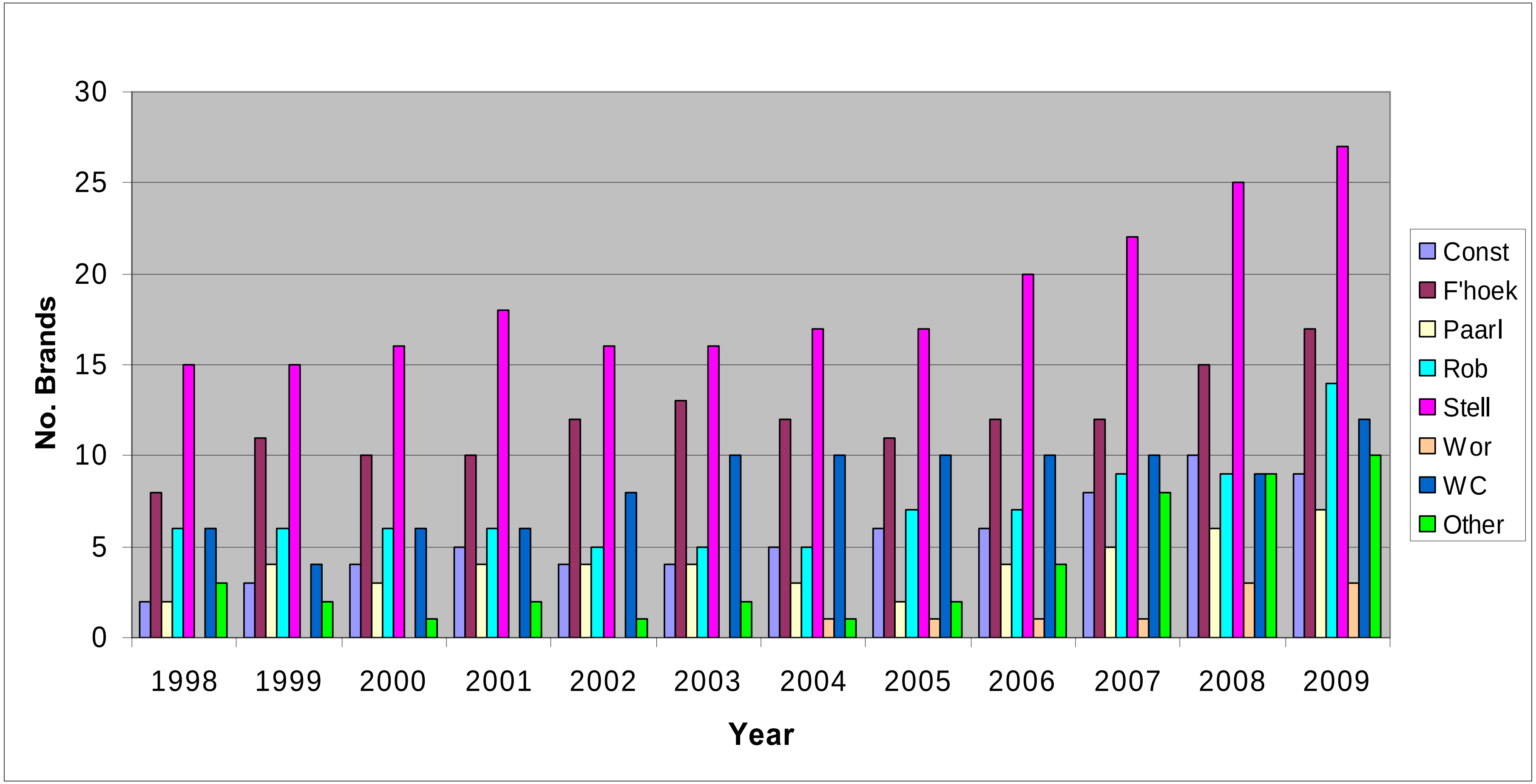
Table 2: Areas of production of Cap Classique

Year	Area of production as number of brands							
	Const	F'hoek	Paarl	Rob	Stell	Wor	WC	Other
1998	2	8	2	6	15	0	6	3
1999	3	11	4	6	15	0	4	2
2000	4	10	3	6	16	0	6	1
2001	5	10	4	6	18	0	6	2
2002	4	12	4	5	16	0	8	1
2003	4	13	4	5	16	0	10	2
2004	5	12	3	5	17	1	10	1
2005	6	11	2	7	17	1	10	2
2006	6	12	4	7	20	1	10	4
2007	8	12	5	9	22	1	10	8
2008	10	15	6	9	25	3	9	9
2009	9	17	7	14	27	3	12	10

The majority of Cap Classique brands are produced in Stellenbosch, with Franschhoek having the second most brands. Other regions such as Constantia, Paarl and Robertson all produce small but increasingly significant numbers of brands. The relatively high number of brands listed as origin Western Cape can be attributed to wine producers such as Distell. It is important to note that these figures may be skewed by the number of producers who make more than one brand and/or style of Cap Classique, such as Villiera, Cabrière and Graham Beck.

The trends in the area of production of Cap Classique are illustrated in Figure 6 below.
All areas show fluctuations in the trends prior to 2006. Subsequent years show a general trend of increasing number of brands for all areas. The dominance of Stellenbosch as production area is marked. This reflects the general dominance of the area in quality wine production in South Africa.

Figure 6: Trends in areas of production of Cap Classique



3.3. Trends in Quality

The objective of this section is to identify whether there are any definite trends to be observed in perceived quality of Cap Classique produced since 1998.

All data was drawn from WINE Magazine category tastings, 1998-2008 and the Veritas Awards, 1998-2008. At the time of writing, 2009 data was not available. It is assumed that data is free of omissions and errors.

For the purposes of this section, the following conventions were adopted:

- Star ratings and medals were converted to the equivalent score on the 20-point system.
- For the WINE Magazine ratings, percentages are of the total wines submitted.
- For the Veritas ratings, data was not converted to percentages as the information regarding the total number of wines was not available.

A summary of the data is presented in Tables 3 and 4 below.

Table 3: WINE Magazine Ratings of Cap Classique

	Number of wines scored (%)							
Star Rating	**4.5★**	**4★**	**3.5★**	**3★**	**2.5★**	**2★**	**1★**	**0★**
Score	**17-18**	**16-17**	**15.5-16**	**15-15.5**	**14.5-15**	**14-14.5**	**13-14**	**<13**
1998	0.0	13.8	13.8	27.6	0.0	31.0	10.3	3.4
1999	0.0	6.9	3.4	24.1	6.9	44.8	13.8	0.0
2000	2.8	22.2	11.1	25.0	0.0	30.6	5.6	2.8
2001	2.3	16.3	27.9	25.6	14.0	9.3	4.7	0.0
2002	6.7	20.0	28.9	26.7	11.1	4.4	2.2	0.0
2003	0.0	21.6	18.9	29.7	10.8	8.1	10.8	0.0
2004	2.2	28.9	20.0	22.2	22.2	4.4	0.0	0.0
2005	2.3	20.5	15.9	27.3	6.8	20.5	4.5	2.3
2006	4.0	18.0	16.0	20.0	14.0	18.0	6.0	4.0
2007	2.2	13.0	21.7	21.7	19.6	10.9	10.9	0.0
2008	0.0	6.3	16.7	37.5	8.3	20.8	6.3	4.2

Table 4: Veritas ratings of Cap Classique

	Number of wines awarded				
Medal	**Double Gold**	**Gold**	**Silver**	**Bronze**	**Total**
Score	**17+**	**17**	**16**	**15**	
1998	1	0	8	2	11
1999	1	5	8	0	14
2000	1	3	4	0	8
2001	1	4	1	0	6
2002	2	2	9	6	19
2003	1	2	4	10	17
2004	1	3	11	7	22
2005	0	4	8	8	20
2006	1	4	9	9	23
2007	0	3	13	6	22
2008	0	1	11	7	19

Both WINE Magazine and the Veritas Awards have had category tastings for Cap Classique over the eleven years under review. Until the inauguration of the Cap Classique Challenge in 2002, the WINE Magazine category tasting at times included Champagne and other sparkling wines. The Veritas category has always included other South African sparkling wines.

The trends in the quality of Cap Classique, as perceived by the respective tasting panels, are illustrated in Figures 7 to 9 below. Figure 7 shows the overall ratings for Cap Classique in WINE Magazine. Figure 8 shows the total number of wines submitted for WINE Magazine tastings versus the number of wines scoring greater than fifteen and less than fourteen. The data for this graph was not converted to percentages. Figure 9 shows the overall Veritas ratings.

Figure 7: Trends in quality of Cap Classique: WINE Magazine (overall)

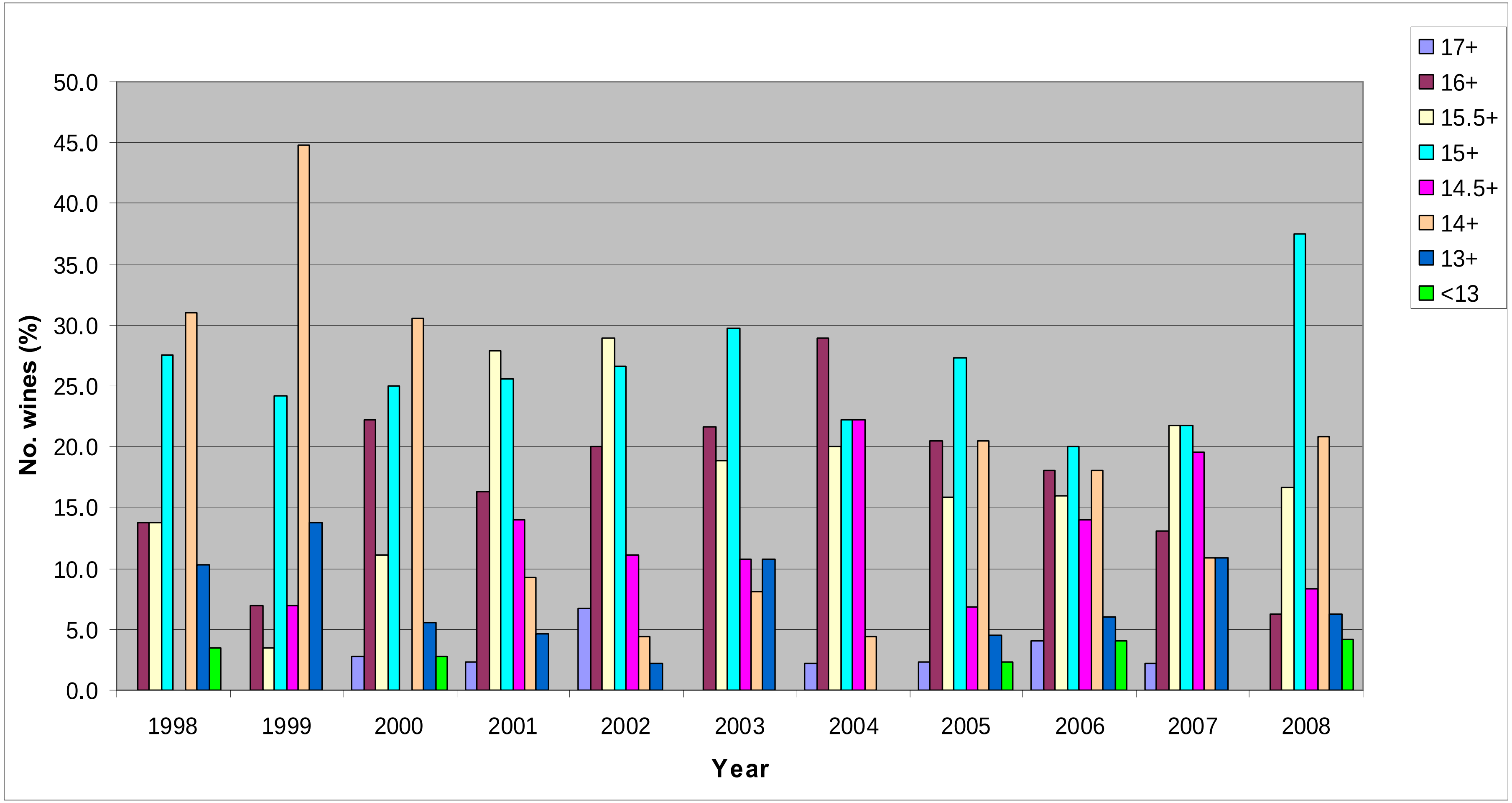
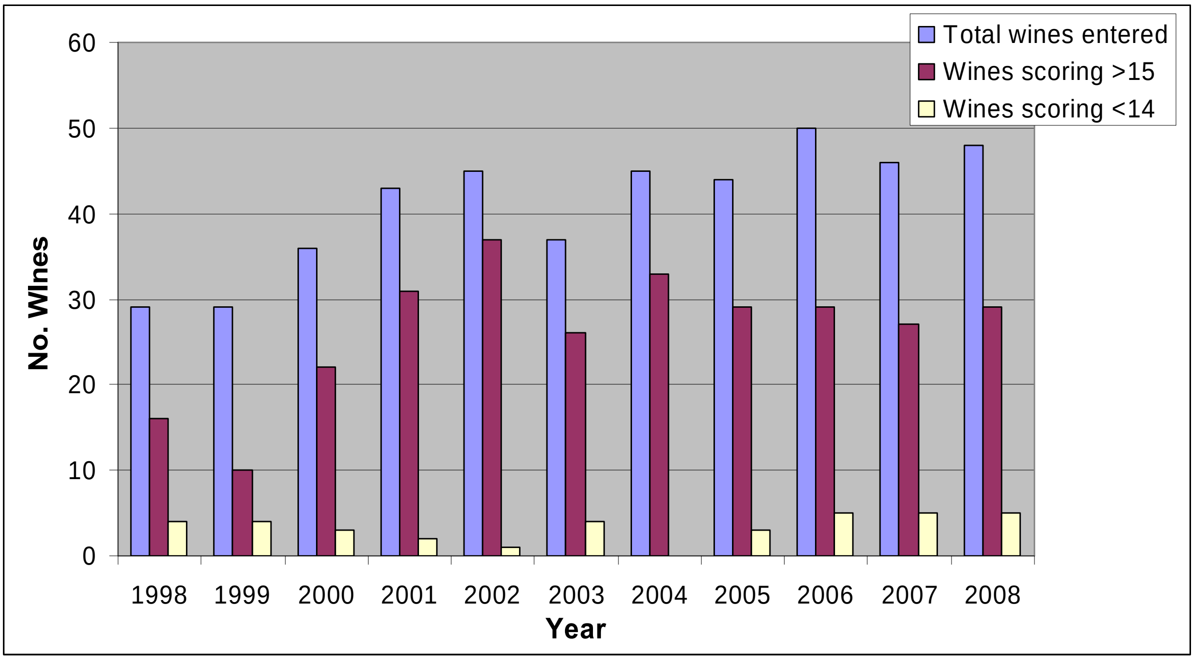


Figure 8: Trends in quality of Cap Classique: WINE Magazine



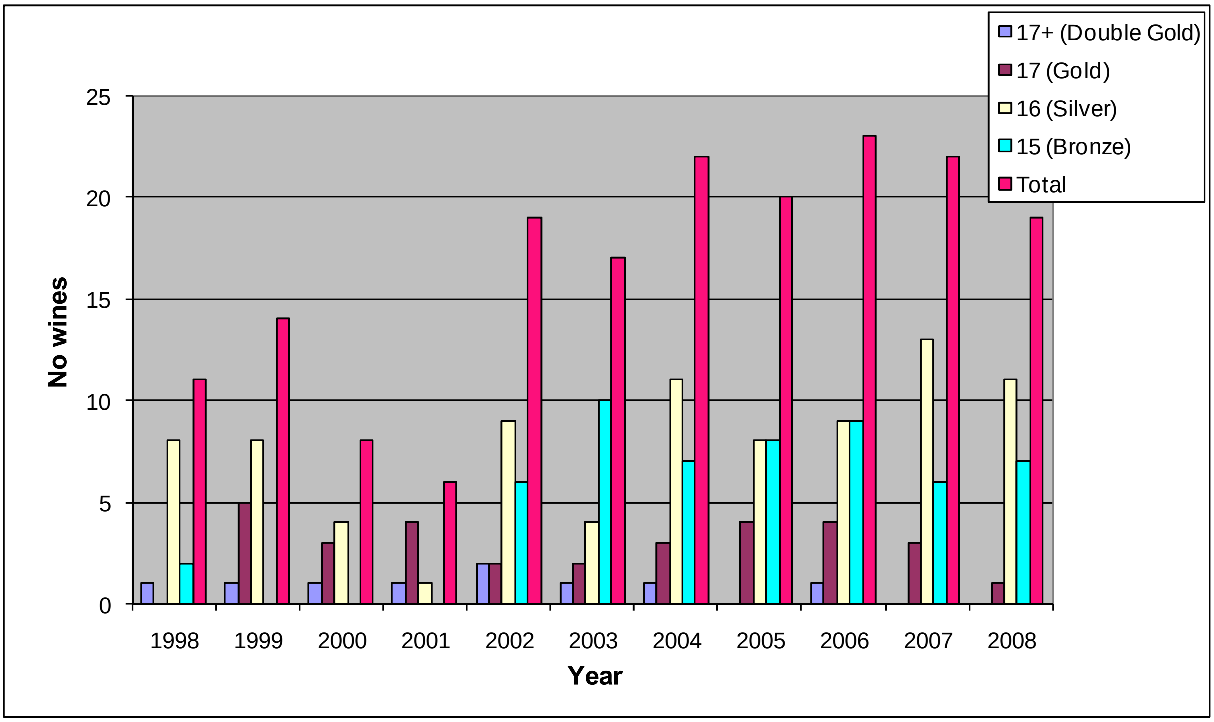
No obvious trends can be seen in the overall data from the Wine Magazine tastings (Figure 8), but the number of wines scoring over fifteen appears to increase, while the number of wines scoring less than fourteen appears to decrease between 1998 and 2008.

What is significant, however, is that when the trends are examined more closely, it can be seen that there is an overall increase of about sixty-five percent in the number of wines submitted for the tasting over the eleven years under review. This corresponds to the increasing trend observed in the number of Cap Classique wines produced.

While there is an overall increase in the number of wines scoring over fifteen of about eighty percent between 1998 and 2008, the trend switches from an increase up to 2002 to a slight decrease in subsequent years. The earlier increasing trend is due to producers gaining experience with the production of Cap Classique, leading to improved viticultural techniques, more careful pressing of the grapes, improved blending of the base cuvée, more time on the lees before disgorging and better management of the dosage (Eedes, 2002B). The latter trend could be attributed to the increasing number of producers of Cap Classique, where lack of experience in vinifying Cap Classique is showing. Another contributing factor could be producers releasing wines after shorter time on the lees, due to demand (Eedes, 2008).

At a maximum of ten percent, the number of wines scoring less than fourteen remains a small percentage of the total number of wines. Such small numbers make identifying trends questionable.

Figure 9: Trends in quality of Cap Classique: Veritas Awards



Although there is an overall increase of seventy-two percent in the number of wines receiving Veritas awards, there are fluctuations in the trends, particularly between 1999 and 2002. Given that the total number of wines submitted for rating in any given year is unknown, drawing conclusions from this data would be questionable. This can possibly be taken to be a factor of inconsistency of judging, which is one of the reasons the Vertitas awards are considered to be controversial (McDonald, 2004).

3.4. Summary

In brief, there has been an increase of over one hundred percent in the number of brands of Cap Classique produced in South Africa in the period under review. The wines are mainly blended between grape varieties and are produced largely in Stellenbosch. There has also been an increase in the perceived overall quality of the wines. A detailed summary follows below.

Between 1998 and 2009 there was an increase of one hundred and thirty-five percent in the number of brands of Cap Classique produced. The increase was a constant trend over the twelve years, showing steeper increases from 2005 to 2009. This corresponds with increasing South African wine production in general. It is significant that the increase in the popularity of Cap Classique is more marked than that for still wine and this can be attributed to increased demand, fuelled by the global ‘premiumisation’ trend and increased marketing of sparkling wine as a lifestyle product.

Of the total brands produced, most were white, Brut styled wines from both red and white grape cultivars. Blanc de Blancs and Rosé styled wines increased in popularity over the period. The increase in Rosé Cap Classique can be attributed to global increase in popularity of all Rosé wine. The numbers of Sweet and Red Cap Classique brands remain relatively insignificant, with a maximum of three and two brands available at any one time.

Stellenbosch is the most significant production area of Cap Classique, followed by Franschhoek. This is in line with the perception of Stellenbosch as South Africa’s premium wine region. Other areas showing significant increases in the number of brands produced are Constantia, Paarl and Robertson.

The number of Cap Classique wines submitted for rating by WINE magazine increased by sixty-five percent between 1998 and 2008. On average, over sixty percent of the wines rated each year received score of over fifteen. The increase in the number of wines scoring over fifteen over the eleven year period is about eighty percent. While the overall trend is an increase in scores, the trend is not constant, and shows a decrease for the years subsequent to 2004. The overall increase is due to the maturation of the Cap Classique industry, resulting in cleaner, more consistent wines. In later years, increase in demand for the wines seems to have impacted slightly negatively on the scores, with several new producers entering the market and wines being released earlier.

4. Trends in Sparkling Wine: Carbonated Wines

This section deals with the examination of trends in carbonated sparkling wine production and perceived quality.

The data was drawn from the following sources:

- Platterôs South African Wine Guide, 1998 to 2009.
- South African Wine Industry Statistics, 1998 to 2009.
- Veritas Awards, 1998 to 2008.

Data was captured as provided by the various sources. The data is assumed to be free of errors and omissions. Where necessary, data was recalculated to percentage or different units of reporting to facilitate use and understanding.

As far as possible, data is tabulated and presented graphically. It should be noted that due to the relatively small numbers involved, small fluctuations in the number of brands can show an apparently significant fluctuation in the trend.

4.1. Trends in Styles Produced

The object of this section is to identify whether there are any definite trends to be observed in the styles of carbonate sparkling wine produced since 1998. All data was drawn from the Platterôs South African Wine Guide from the 1998 edition to the 2009 edition. Where the author knew certainly otherwise, rectifications were made for omissions and errors.

For the purposes of this section, the following conventions were adopted:

- The wines were divided into the following style categories:
    - Dry White: white carbonated sparkling wines with residual sugar less than fifteen grams per litre.
    - Dry Rosé: pink carbonated sparkling wines with residual sugar less than fifteen grams per litre.
    - Sweet white: white carbonated sparkling wines with residual sugar greater than fifteen grams per litre.
    - Sweet Rosé: pink carbonated sparkling wines with residual sugar greater than fifteen grams per litre.
    - Red: any red carbonated sparkling wine.

A summary of the data is presented in Table 5 below.

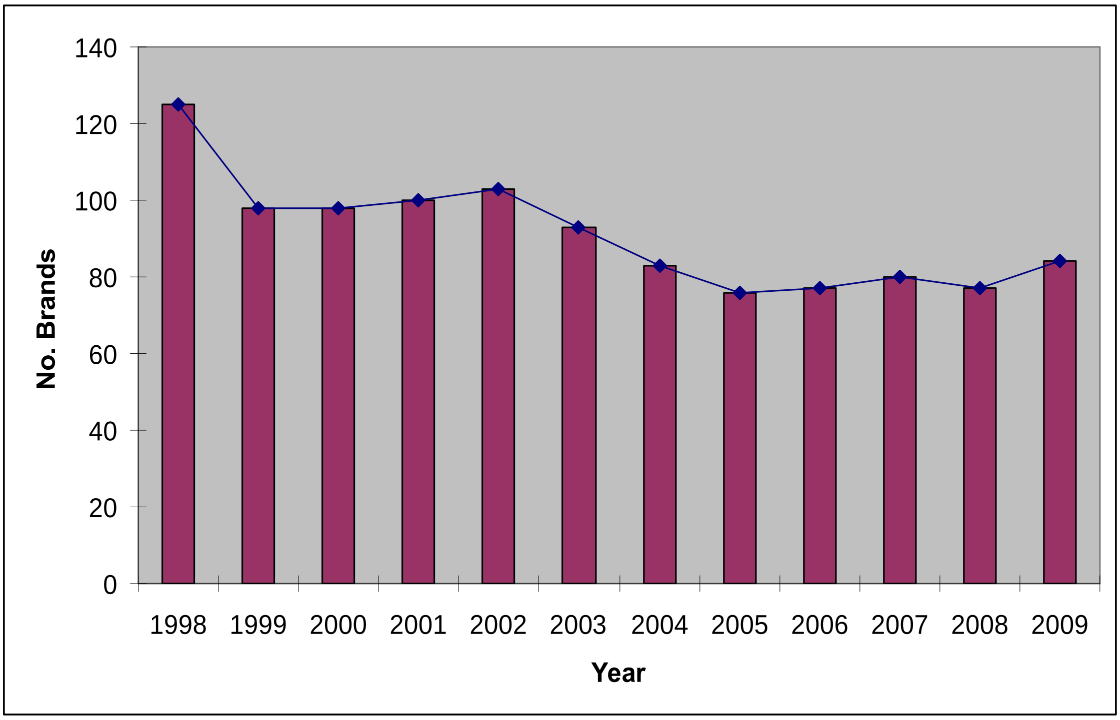
Table 5: Styles of carbonated sparkling wine

Year	Style as number of brands				
	Dry White	Dry Rosé	Sweet white	Sweet Rosé	Red
1998	28	2	76	15	4
1999	23	1	55	15	4
2000	26	2	53	12	5
2001	30	2	55	9	4
2002	29	2	58	10	4
2003	25	2	50	13	3
2004	25	2	42	12	2
2005	25	2	37	11	1
2006	26	2	36	11	2
2007	26	2	39	11	2
2008	24	3	34	14	2
2009	25	7	32	16	4

Sweet White sparkling wine is the largest category of these, followed by Dry White and then Sweet Rosé. Dry Rosé is a relatively insignificant category as the maximum number of brands in any given year is seven. Sparkling Red wine is the smallest of all the categories, with a maximum of five brands in any year. The trend in the total production is illustrated in Figure 10.

The overall trend between 1998 and 2009 is a decreasing one of over thirty percent with minor fluctuations between 2000 and 2003 and 2006 and 2008. It should not be assumed that a decrease in the number of available brands indicates a decrease in production volume. Based on the constant increase in consumption (see Section 6), it can be deduced that there has been an increase in production. There has been a general trend in the South African wine industry of wineries reducing the portfolio of wine produced: while some brands were culled, production of others has increased.

Figure 10: Overall trend in number of carbonated brands



The trends in the various styles of carbonated sparkling wine are illustrated in Figures 11 to 13 below. Figure 11 shows the information for all styles of the wine. Figure 12 shows the trends in the number of brands available for Dry and Sweet White and Figure 13 shows the trends for Dry and Sweet Rosé, in order to more clearly demonstrate the trends for these wines.

Figure 11: Trends in styles of carbonated sparkling wine: all styles

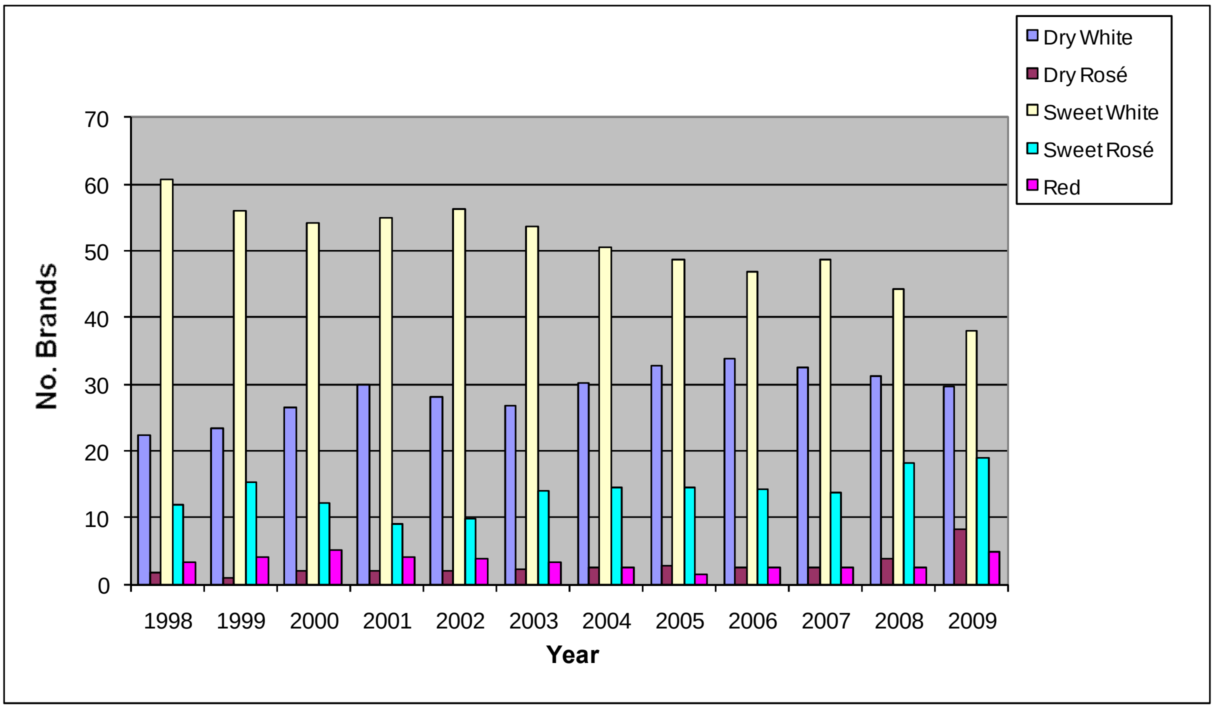
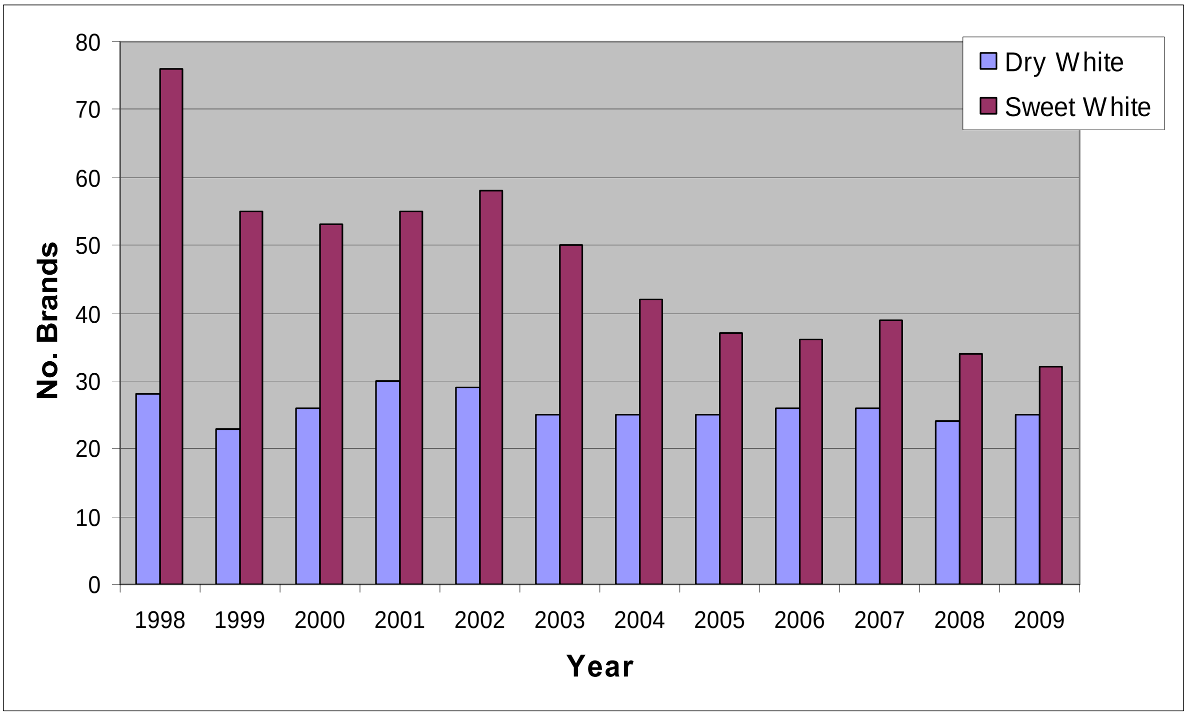


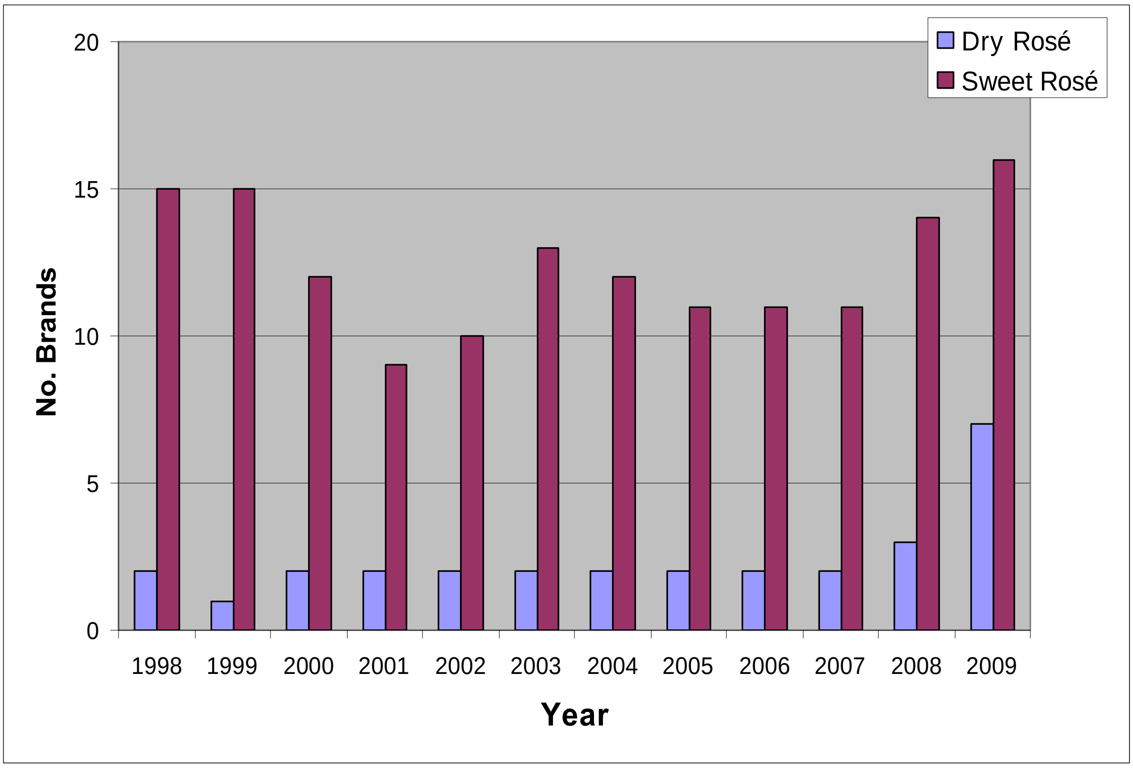
Figure 12: Trends in styles of carbonated sparkling wine: Dry and Sweet White



The number of brands of Dry White has remained more or less constant over the twelve years under review. The overall trend for the number of Sweet White brands is a decrease of just under sixty percent. This decrease is the main contributor to the overall decrease in the number of brands of carbonated sparkling wines.

As can be seen in Figure 13 below, the number of brands of Dry Rosé remained constant until 2007, after which there is an increasing trend. This can be ascribed to the global increase in the popularity of Rosé, which has partly manifested in South Africa as a consumer move to the consumption of drier Rosé style wines (Lourens, 2007).

Figure 13: Trends in styles of carbonated sparkling wine: Dry and Sweet Rosé



4.2. Trends In Area of Production

The objective of this section is to identify whether there are any definite trends to be observed in the areas in which carbonated sparkling wine has been produced since 1998. All data was drawn from the Platterś South African Wine Guide from 1998 to 2009. Where the author knew certainly otherwise, rectifications were made for omissions and errors.

For the purposes of this section, the following conventions were adopted:

- Where no information was available about the origin of the wine, it was taken to be of origin Western Cape.
- The following abbreviations are used for areas:
  - Kar: Klein Karoo.
  - OR: Olifants River.
  - Paarl: Paarl.
  - Rob: Robertson.
  - Stell: Stellenbosch.
  - Wor: Worcester and Breedekloof.
  - WC: Western Cape.
  - Other: Darling, Franschhoek, Northern Cape, Swartland, Tulbagh, Wellington.

A summary of the data is presented in Table 6 below.

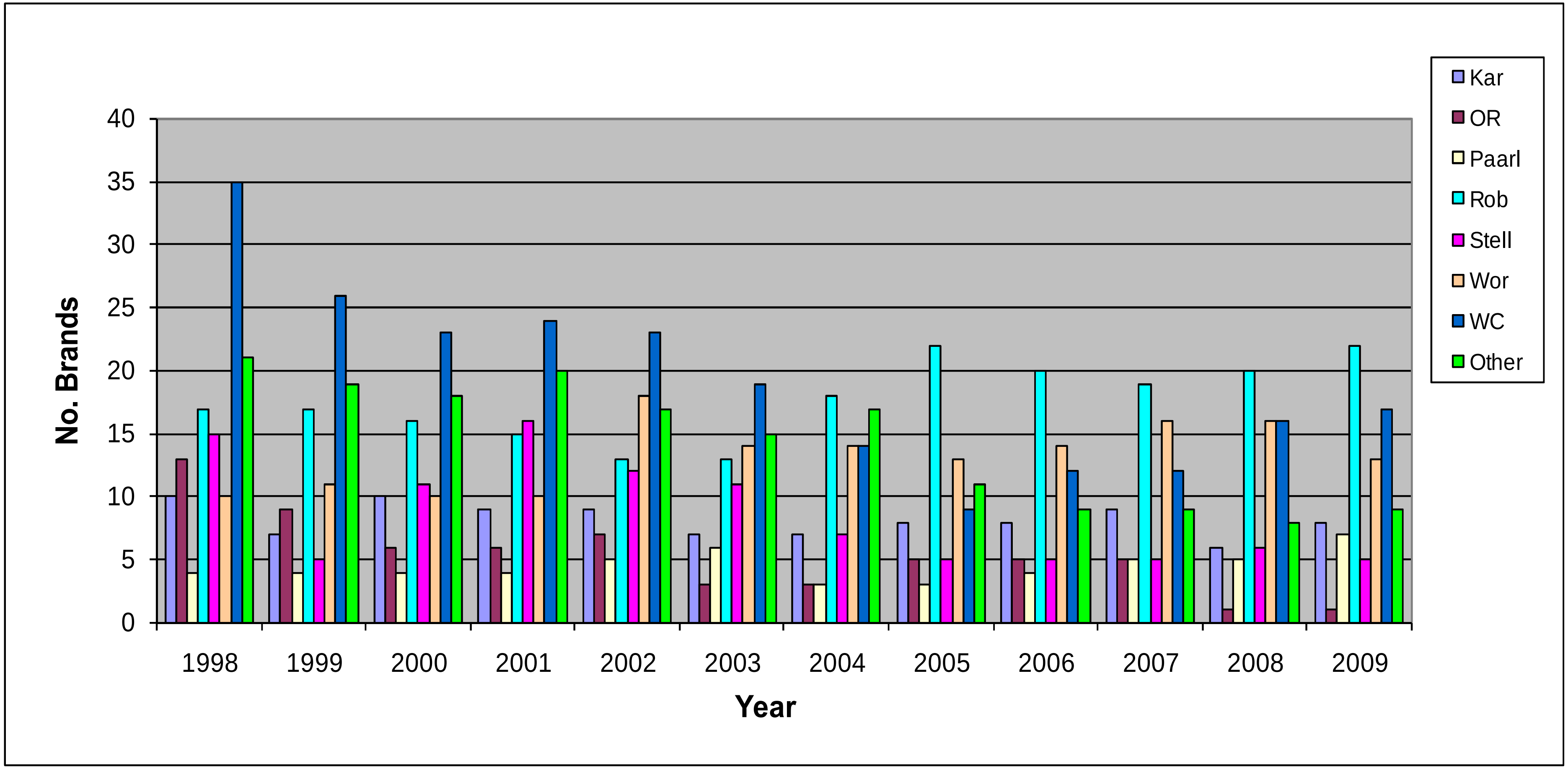
Table 6: Areas of production of carbonated sparkling wine

Year	Area of production as number of brands							
	Kar	**OR**	**Paarl**	**Rob**	**Stell**	**Wor**	**WC**	**Other**
1998	10	13	4	17	15	10	35	21
1999	7	9	4	17	5	11	26	19
2000	10	6	4	16	11	10	23	18
2001	9	6	4	15	16	10	24	20
2002	9	7	5	13	12	18	23	17
2003	7	3	6	13	11	14	19	15
2004	7	3	3	18	7	14	14	17
2005	8	5	3	22	5	13	9	11
2006	8	5	4	20	5	14	12	9
2007	9	5	5	19	5	16	12	9
2008	6	1	5	20	6	16	16	8
2009	8	1	7	22	5	13	17	9

Increasing numbers of carbonated sparkling wine brands are produced in Robertson and Worcester/Breedekloof. This reflects the grape growing statistics for these areas (SAWIS, 2009). The decrease in the number of brands from Stellenbosch reflects the focus on premium quality wines in the area. There have also been decreases on the number of brands produced in the Klein Karoo and Olifants River areas. The relatively high number of brands listed as origin Western Cape can be attributed to wine producers such as Distell. While the total number of brands has decreased in the period, three of the biggest selling South African sparkling wine brands are sold as coming from this area. It is important to note that these figures may be skewed by the number of producers who make more than one brand and/or style of carbonated sparkling wine, such as J.C. Le Roux and Van Loveren

The trends in the area of production of carbonated sparkling wine are illustrated in Figure 14 below.

Figure 14: Trends in areas of production of carbonated sparkling wine



4.3. Trends in Quality

The objective of this section is to identify whether there are any definite trends to be observed in perceived quality of carbonated sparkling wine produced since 1998. All data was drawn from the Veritas Awards, 1998-2008. At the time of writing, 2009 data was not available. It is assumed that the data is free of omissions and errors.

For the purposes of this section, the following conventions were adopted:

- It is assumed that the wines rated are made by carbonation.
- Star ratings and medals were converted to the equivalent score on the 20-point system.
- Figures given are of wines awarded, as the information regarding the total number of wines was not available

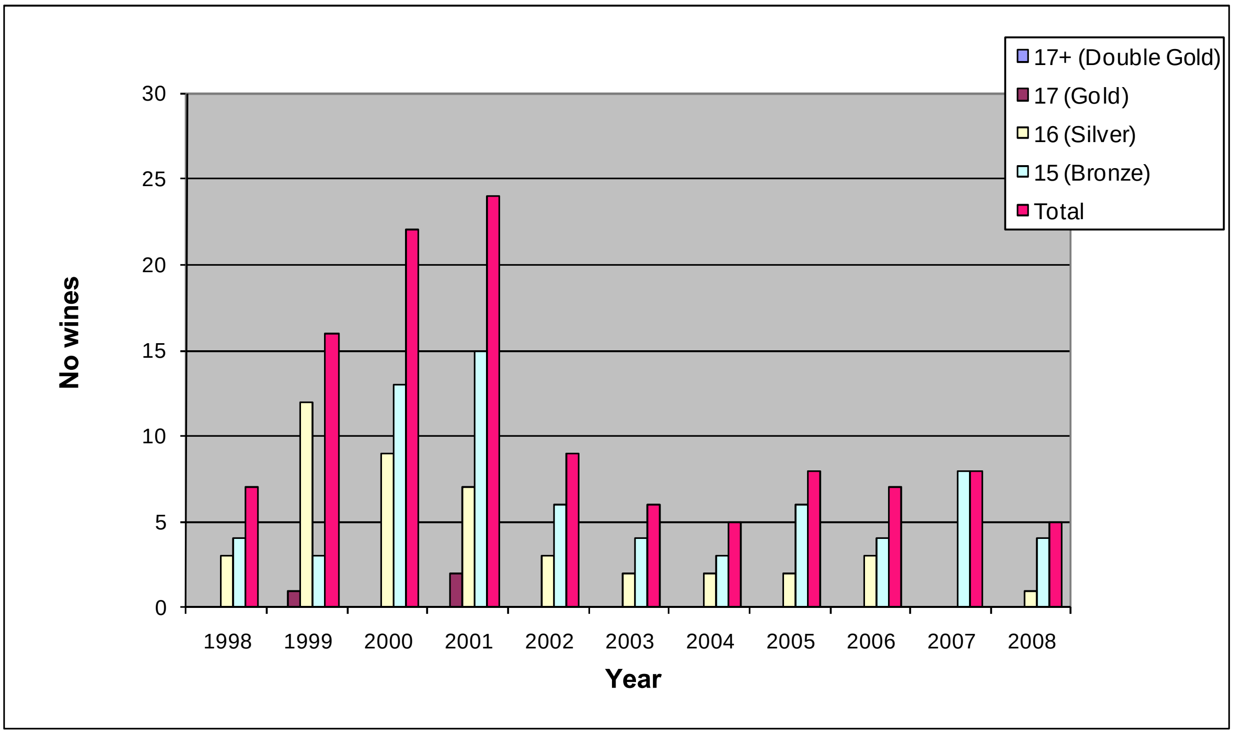
A summary of the data is presented in Table 7 below.

Table 7: Veritas ratings of Sparkling wine

	Number of wines awarded				
Medal	**Double Gold**	**Gold**	**Silver**	**Bronze**	**Total**
Score	**17+**	**17**	**16**	**15**	
1998	0	0	3	4	7
1999	0	1	12	3	16
2000	0	0	9	13	22
2001	0	2	7	15	24
2002	0	0	3	6	9
2003	0	0	2	4	6
2004	0	0	2	3	5
2005	0	0	2	6	8
2006	0	0	3	4	7
2007	0	0	0	8	8
2008	0	0	1	4	5

Only the Veritas Awards have had category tastings for sparkling wine made by methods other than the traditional method over the eleven years under review. The trends in the perceived quality of carbonated sparkling wine are illustrated in Figure 15 below.

Figure 15: Trends in quality of carbonated sparkling wine: Veritas Awards



While the number of wines awarded increased between 1998 and 2001, there was a sharp drop from 2001 to 2002 and since then less than ten wines have been awarded in any given year. Given that the total number of wines submitted for rating is unknown, drawing conclusions from this data would be questionable. This can possibly be taken to be a factor of inconsistency of judging, which is one of the reasons the Vertitas awards are considered to be controversial (McDonald, 2004).

These wines comprise the bulk of the South African sparkling wine market with increasing consumption shown over the period under review (see Section 6). In the light of this and given the general improvement in viticulture and viniculture in South Africa, it is unlikely that the quality of carbonated sparkling wines has decreased overall.

4.4. Summary

In brief, there has been a decrease of over percent in the total number of brands of carbonated sparkling wine produced in South Africa over the twelve years examined here, although production volume over the corresponding period has increased. Most of the wine is sweet and white, produced in the Breede River Valley and the market is dominated by a few brands. It was not possible to draw any conclusion regarding quality from the available rating data, although it is likely that this has improved. A detailed summary is provided below.

Between 1998 and 2009 there was a decrease of about thirty-three percent in the number of brands of carbonated sparkling wine produced. The decrease was a constant trend over the twelve years and can be attributed to the general trend of producers reducing portfolios.

Most of the wine produced is sweet and white. The next biggest category is Dry White, followed by Sweet Rosé. Red and Dry Rosé are relatively insignificant, although the latter shows an increasing trend. The number of brands of Sweet White has decreased between 1998 and 2009, while those for Dry White and Sweet Rosé have remained constant.

The local market is dominated by three brands: Fifth Avenue Cold Duck, Grand Mousseux and J. C. le Roux (La Chanson and Le Domaine, in particular). Of these, all are sweet, two are white, one pink and one red.

Robertson and Worcester/Breedekloof are the most significant production areas of carbonated sparkling wine. The number of brands produced in the Stellenbosch, Klein Karoo and Olifants River areas has decreased, as has the number of brands listed as origin Western Cape.

No conclusions can be drawn from the available rating data of the perceived quality of the wines. It is, however, likely that this has improved over the twelve year period under review, in part due to general improvements in viticultural and vinification techniques.

5. Trends in Sparkling Wine: Wines made by other methods

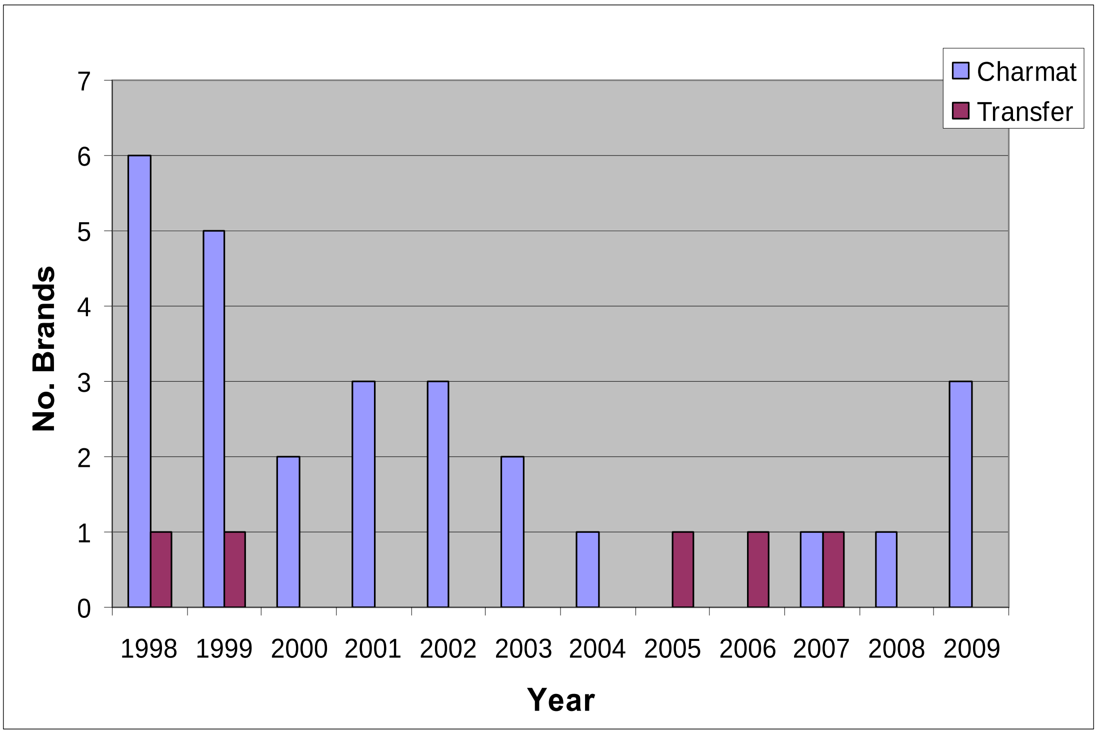
This section deals with the examination of trends in sparkling wine produced by methods other than the traditional method and carbonation. The data was drawn from the Platterǒs South African Wine Guide, 1998-2009. Data was captured as provided by the source. It is assumed that the data is free of errors and omissions.

In South Africa, between 1998 and 2009, sparkling wines were produced by only two other methods, namely, Charmat and Transfer.

In any of the twelve years under review, no more than five wines were produced by the Charmat method and only one wine was produced by the Transfer method. The small numbers make the analysis of trends questionable.

The trends for are shown in Figure 16 below.

Figure 16: Trends in Charmat and Transfer method wines



The only wine made by the Transfer method between 1998 and 2009 was from Paarl. There is currently no South Africana sparkling wine made using this method. The increasing introduction of gyropalettes into the sparkling wine industry has made the method almost redundant.

The trends in Charmat method wines show an overall decrease to 2004, with a resurgence, albeit small, from 2007. Provided the requisite equipment is available, it is simpler, faster and less expensive to produce sparkling wines using the Charmat method (Robinson, 1999), which may explain the resurgence. The wines made by this method in the twelve year period under review have been classified as having origin, in order of decreasing number of wines, Western Cape, Stellenbosch and Franschhoek.

Given that so few wines were made using the Transfer and Charmat methods between 1998 and 2009, trends in quality were not examined.

In summary, very few wines are made by either the Transfer or Charmat methods in South Africa, although there has been a resurgence in the latter method since 2007. Most of the wine is classified as being of origin Western Cape. Perceived quality was not examined.

6. Trends in Sparkling Wine: Domestic Sales and Consumption

The objective of this section is to identify whether there are any definite trends to be observed in the domestic sales and consumption of sparkling wine produced between 1998 and 2008. At the time of writing, there was no data available for 2009.

6.1. Sales, Consumption and Price

All data was drawn from the South African Wine Industry Statistics 1999 to 2009. It is assumed that the data is free of omissions and errors. For the purposes of this section, the following conventions were adopted:

- Values in the South African Wine Industry Statistics were converted from litres to megalitres, where appropriate.
- Prices were converted to cents per litre.

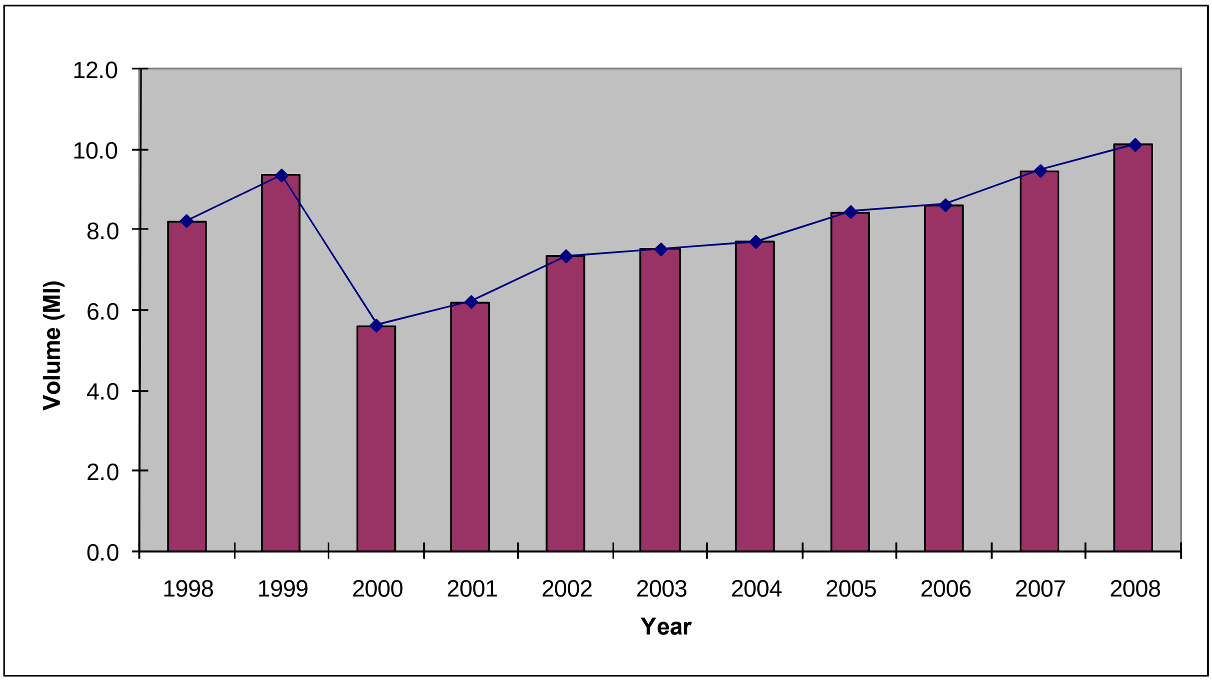
A summary of the domestic sales and consumption data is presented in Table 8 below. Information for the split between Cap Classique and other sparkling wine is only provided from 2002. It should be noted that the sum of the data for Cap Classique and sparkling wine does not correspond with the totals given.

Table 8: Domestic sales and consumption of sparkling wine

Year	Volume (Megalitres)			Per Capita Consumption (Litres)
	Total	Cap Classique	Other Sparkling	
1998	8.207			0.20
1999	9.338			0.23
2000	5.605			0.13
2001	6.193			0.15
2002	7.327	1.106	5.911	0.17
2003	7.500	1.253	6.042	0.17
2004	7.688	1.525	6.441	0.17
2005	8.431	1.560	6.642	0.18
2006	8.600	1.497	6.709	0.19
2007	9.450	1.771	7.385	0.20
2008	10.10	1.764	7.943	0.22

The domestic sales trends are shown in Figures 17 and 18 below. Figure 17 shows the domestic sales trend for all sparkling wines and Figure 18 shows the trends for Cap Classique and other sparkling wines.

Figure 17: Trends in domestic sales: total



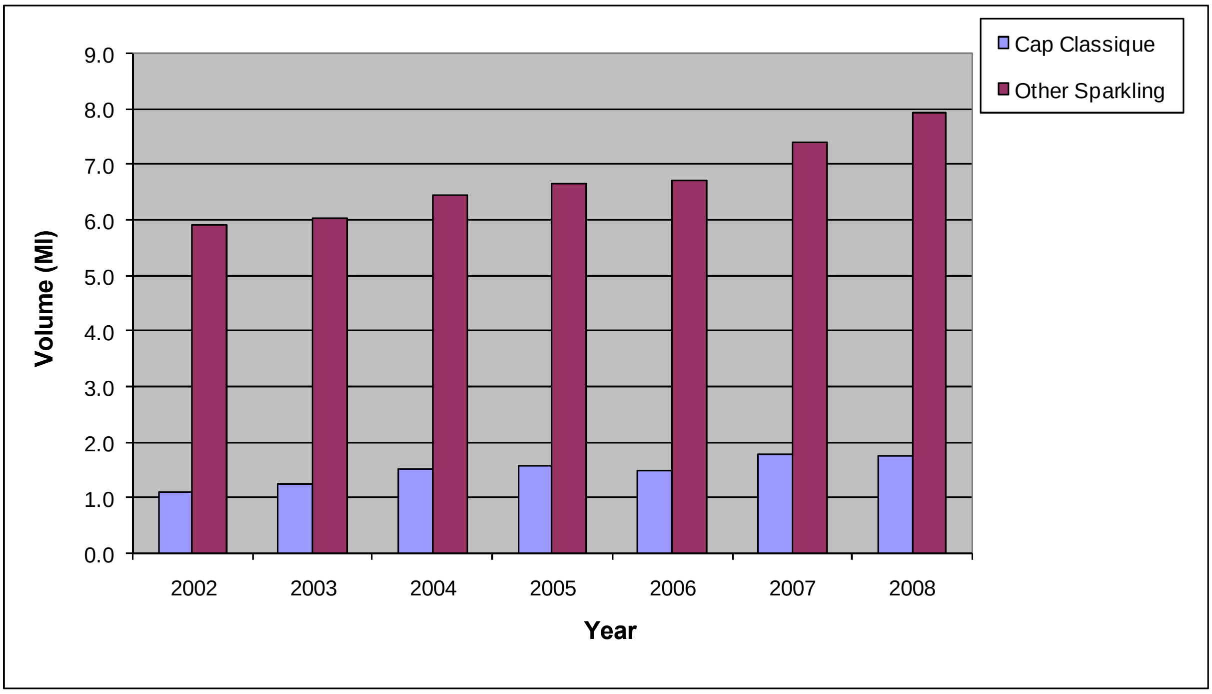
The volume of sparkling wine consumed in South Africa has increased by over twenty percent from 1998 to 2008. The total sparkling wine sales show a fourteen percent increase from 1998 to 1999, which can be ascribed to the ñMilleniumò celebrations. There is then a sharp drop in 2000, followed by a steady trend of increase up to 2008.

Of the total volume of sparkling wine consumed in South Africa, the volume of sparkling wine produced by other methods (mainly carbonation) is far larger than that for Cap Classique (see Figure 18 below), although the difference has dropped over the seven years under consideration. The increase in domestic sales of all sparkling wine is mirrored by both Cap Classique and other sparkling wines between 2002 and 2008. The increase in the seven year period is about sixty and thirty-four percent for the respective styles of wine. This increase does not follow the trends for total wine sales, which showed a decreasing trend up to 2007 (SAWIS, 2009).

The increasing trend in sparkling wines sales confirms data trends seen in the number of brands produced (see Section 3.1). The same reasons for the trend are applicable, namely:

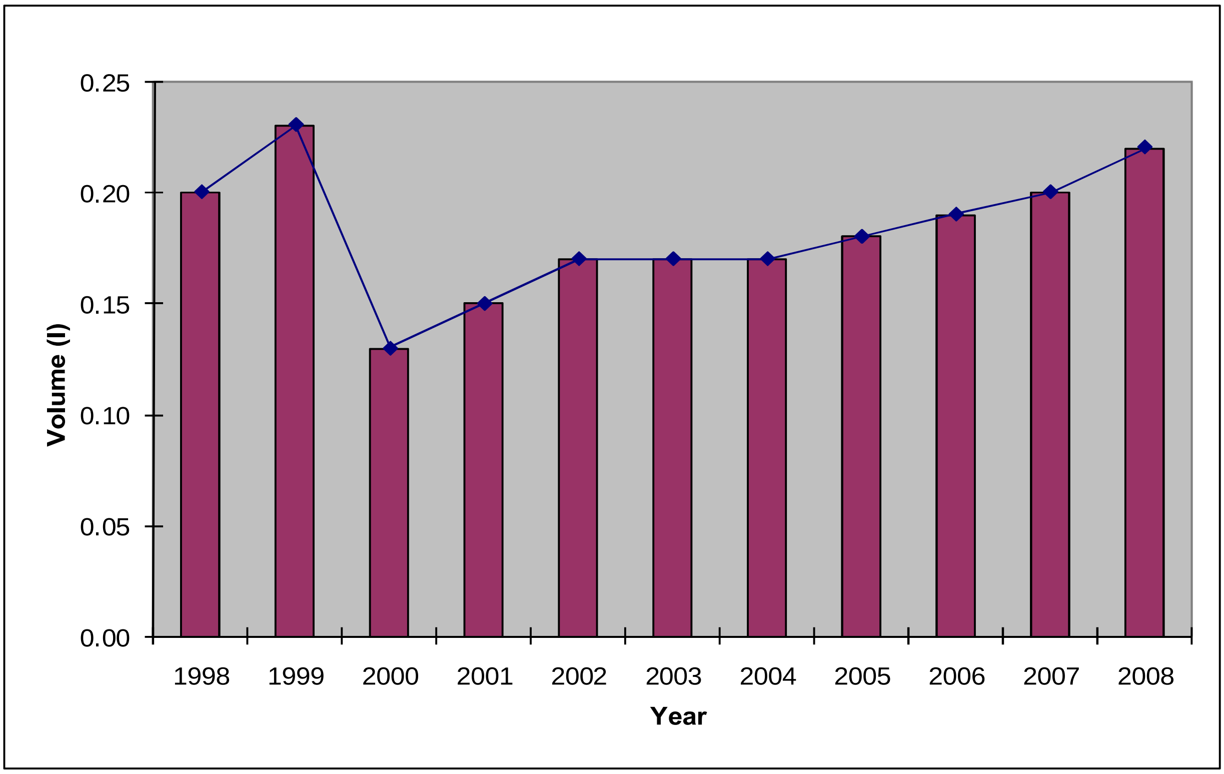
‘premiumisation’ consumer education and marketing of sparkling wine as a lifestyle product (Bottega, 2009; Eedes, 2007A; Eedes 2007B; Eedes, 2008; Latimer, 2008).

Figure 18: Domestic sales of Cap Classique and other sparkling wine



The trends in domestic per capita consumption are shown in Figure 19 below.

Figure 19: Domestic per capita consumption of sparkling wine



As could be expected, the trend in per capita consumption of sparkling wine closely mirrors those found in the domestic sales. This contrasts with the per capita consumption of still wine, which shows an overall decreasing trend between 1998 and 2008 (SAWIS, 2009). This further confirms the growth of sparkling wine as a category in South Africa.

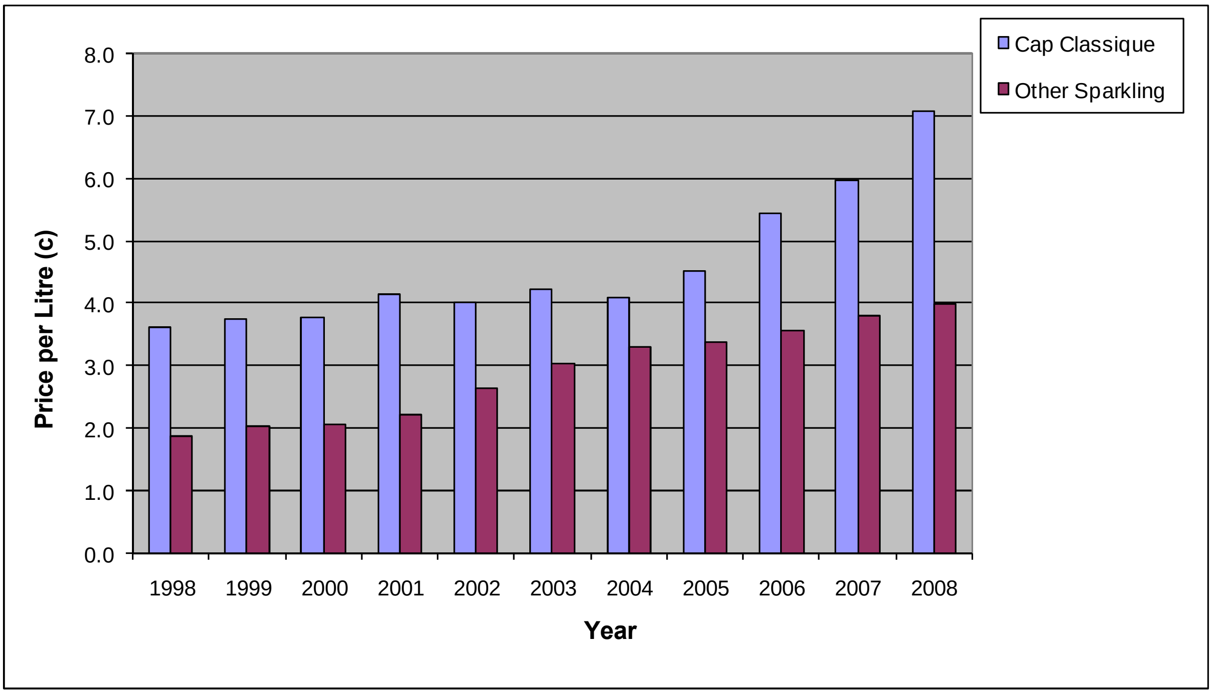
It is interesting to note that sales and consumption of sparkling wine have increased in spite of an increase in the price per litre of the wines and increasing tax levies. The data is shown in Table 9 and Figure 20.

Table 9: Price per litre of domestic sparkling wine

Year	Price per Litre (cents)	
	Cap Classique	Other Sparkling
1998	3.62	1.88
1999	3.76	2.04
2000	3.77	2.07
2001	4.14	2.22
2002	4.02	2.63
2003	4.22	3.03
2004	4.10	3.30
2005	4.51	3.39
2006	5.43	3.57
2007	5.98	3.79
2008	7.07	3.99

The price per litre for Cap Classique is higher than that for other sparkling wine, although the difference varies over the eleven years under review. The prices per litre of both Cap Classique and other sparkling wine show an overall increasing trend between 1998 and 2008. The trend for Cap Classique increases sharply from 2005, as consumer resistance to higher prices seems to drop (McDonald, 2006). While the trend for other sparkling wines is less steep, the increase in price between 1998 and 2009, is over one hundred and ten percent compared to about ninety-five percent for Cap Classique. These trends correspond with those observed for still wines, although the increase for Cap Classique is somewhat higher (SAWIS, 2009).

Figure 20: Trends in the price per litre of sparkling wine



6.2. The Emerging Black Market

There has recently been a lot of research done into growing the domestic consumption of wine in the emerging black market, in particular the segment comprising the middle class (the so-called õBlack Diamondsö). This segment represents just under thirty percent of South African buying power and spend almost half on alcohol and tobacco products (Foxcroft, 2009).

The consumption of sparkling wine is relatively low, with only fifteen percent of respondents at the 2007 Standard Bank Soweto Wine Festival preferring this category (Ndanga, 2009). Unfortunately no indication was given as to the preferred style of wine. There are however, recognised sparkling wine brands in the townships, namely J.C. le Roux (Foxcroft, 2009) and KWV (Ndanga, 2009), with the latest releases from the well-established Four Cousins brand made by Van Loveren likely to follow suit.

The õBlack Diamondsö as wine drinkers tend to be aspirational, brand loyal and not overly sensitive to price point (Foxcroft, 2009; Ndanga, 2009), all of which would indicate a potentially very good target market for sparkling wine, provided any campaigns are carefully planned to appeal.

6.3. Summary

There has been a twenty-three percent increase in the total volume of sparkling wine sold in South Africa between 1998 and 2008, with both Cap Classique and other sparkling wine showing positive trends. There has been a ten percent increase in the per capita consumption over the same period. This corresponds with trend data discussed in Sections 3 and 4, and the same reasons apply (‘premiumisation’, education and marketing). These increasing consumption trends are in spite of increasing wine prices.

Targeting the emerging Black market will be important for the future of South African sparkling wine. Brands already established include J.C. le Roux and KWV (Foxcroft, 2009, Ndanga, 2009).

7. Trends in Sparkling Wine: Exports and Imports

The objective of this section is to identify whether there are any definite trends to be observed in exports and imports of sparkling wine between 1998 and 2008. At the time of writing, data for 2009 was incomplete. All data was drawn from the South African Wine Industry Statistics 1999 to 2009. The data is assumed to be free of omissions and errors. For the purposes of this section, values in the South African Wine Industry Statistics were converted from litres to megalitres, where appropriate.

7.1. Exports

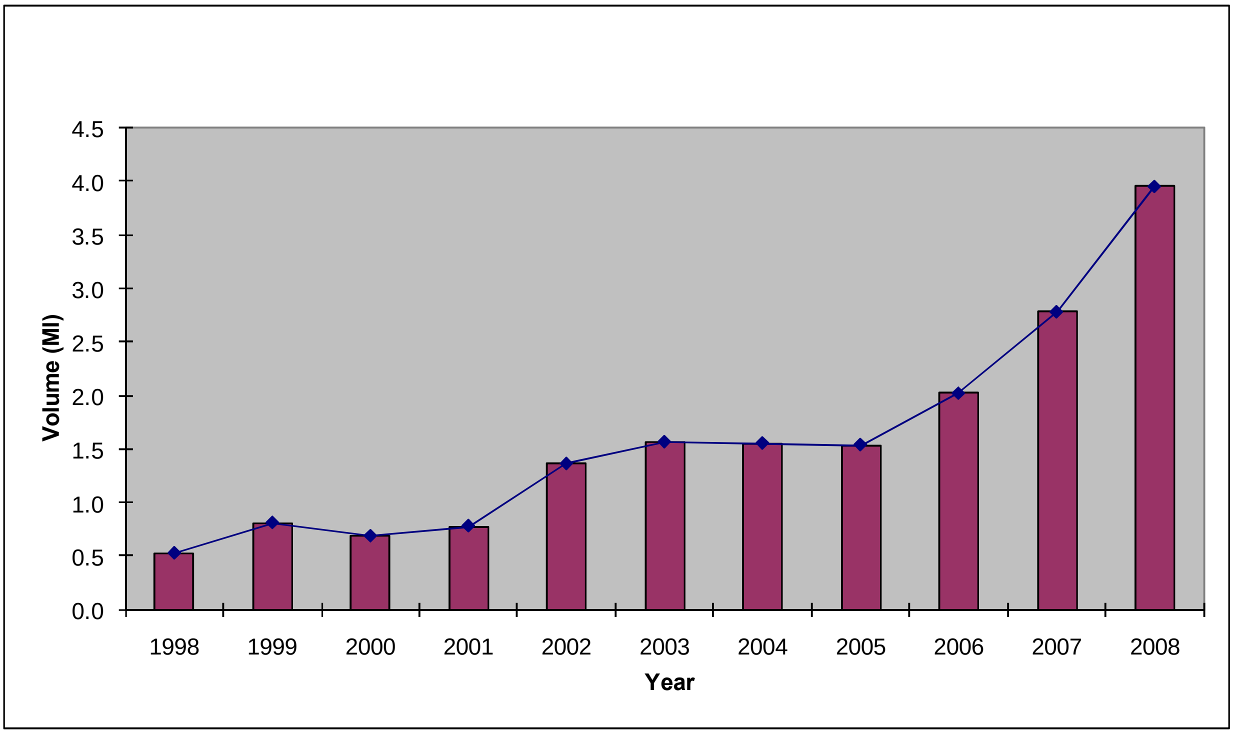
A summary of the sparkling wine import data is presented in Table 10 and Figure 21 below.

Table 10: Volume of sparkling wine exported

Year	Volume Exported (Megalitres)
1998	0.525
1999	0.810
2000	0.685
2001	0.779
2002	1.361
2003	1.565
2004	1.553
2005	1.538
2006	2.018
2007	2.779
2008	3.952

The trend in exports of sparkling wine is one of increase over the eleven year period under review. With the exception of a peak in 1999, the trend is constant, becoming steeper after 2005. The 1999 peak was caused by demand fuelled by îMillenniumò celebrations. The increase in sparkling wine exports follows a similar positive trend for total South African wine exports.

Figure 21: Trends in sparkling wine exports



The increase in South African wine exports were in general fuelled by favourable currency exchange rates, sales in an increasing number of European countries, sales in emerging markets such as sub-Saharan Africa and Asia, and the demand for Rosé wine (SouthAfrica.info, 2008).

7.2. Imports

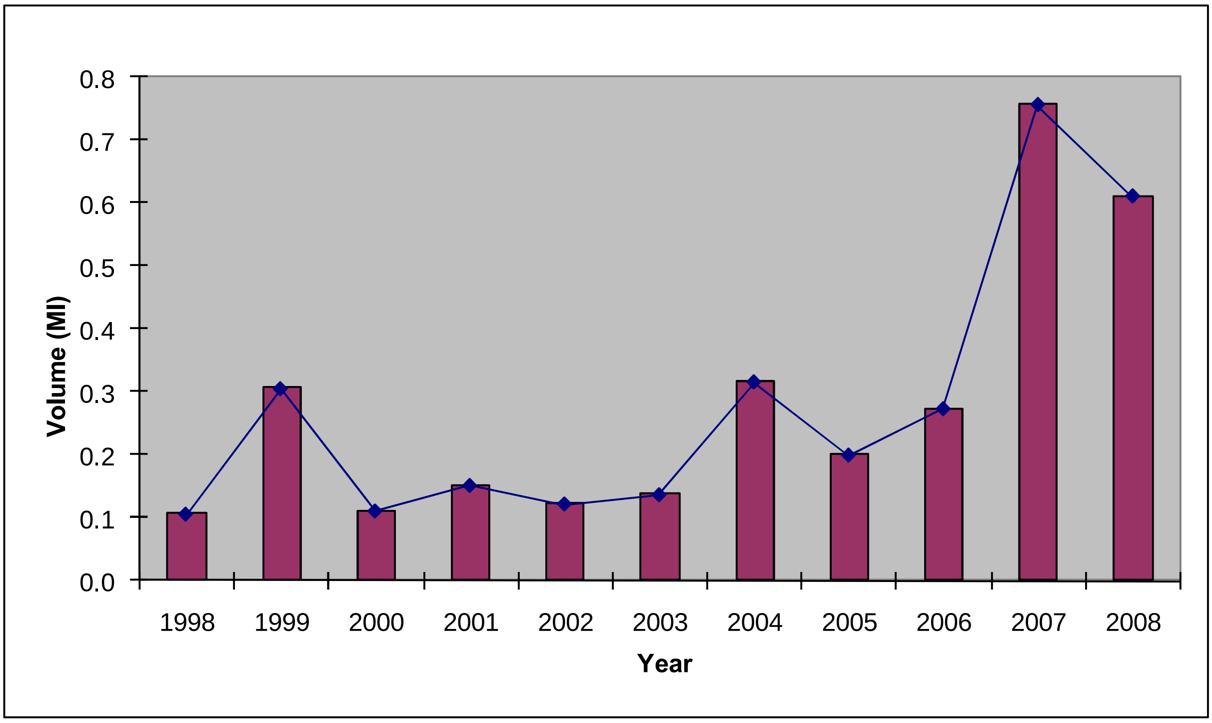
A summary of the sparkling wine import data is presented in Table 11 and Figure 22 below.

While the overall trend between 1998 and 2008 is one of increase, there are considerable fluctuations over the period. The first of these is an increase of almost two-hundred percent between 1998 and 1999, attributable to the import of mainly Champagne for the ñMillenniumò celebrations. After that the volume drops and remains more or less constant until 2004 to 2006, where the volume fluctuates from year to year. There is another large increase in 2007, of over one hundred and seventy percent which corresponds with peaks in production and export of Champagne (CIVC, 2009).

Table 11: Volumes of sparkling wine imported

Year	Volume Imported (Megalitres)
1998	0.106
1999	0.305
2000	0.111
2001	0.151
2002	0.122
2003	0.137
2004	0.316
2005	0.200
2006	0.273
2007	0.756
2008	0.611

Figure 22: Trends in sparkling wine imports



The overall trend of increase can be ascribed to the same reasons as to increase in sale of Cap Classique, the increasing number of consumers aspiring to a more luxurious lifestyle of which Champagne is a strong icon (Eedes, 2007B; Bottega, 2009). Champagne imports to South Africa are dominated by Moët et Chandon and Veuve Clicquot, which make up more than half of the imports (Colmant, 2009).

7.3. Summary

Exports of South African sparkling wines wine have shown an increase of over six hundred and fifty percent in volume between 1998 and 2008. This follows a similar positive trend for other South wine exports. The increase can be attributed to increased sales in traditional and emerging markets and a favourable currency exchange rate (SouthAfrica.info, 2008).

While there is an overall increase in the imports of sparkling wines into South Africa, there are considerable fluctuations. The increase is influenced by similar factors as that for the increase production and consumption of Cap Classique. Most the wine imported is Champagne and two houses dominate the market.

8. Trends in Sparkling Wine: The Future

This section aims to identify possible future trends in sparkling wine in South Africa.

Before the onset of a global recession, the outlook for sparkling wine was overwhelmingly positive. Production, both in volume and the number of brands available, was set to increase (SAWIS, September 2007). Consumption was on the rise, despite increases in prices and tax levies, and new markets to be tapped were discovered.

At the time of writing, the world was in an economic recession and there is little doubt this has impacted on sales of wine, and in particular, premium wines such as Champagne (OIV, 2009). South African industry as a whole has not been as badly affected as that in some countries, but the local wine industry is definitely feeling the pinch (Budd, 2009; White, 2009). Consumers have less income to spend and so products perceived as luxuries, such as alcohol, are suffering. It is not so much that consumers are not buying, it is that they are buying less, or ôtrading downóto less expensive brands.

At the time of writing, insufficient data was available to predict with any certainty what will happen over the next few years. It is likely that the positive trends in production for sparkling wine will continue, particularly where Cap Classique is concerned, if for no other reason than the relatively large lag period between production and release of the wines.

While sweet, white carbonated sparkling wine will continue to dominate the industry, the market portions being held by drier wines and the more premium Cap Classique wines will increase. The escalating trends seen in Blanc de Blanc and Rosé wines will continue, although the latter will begin to flatten out in line with international markets.

Production, especially of the higher quality wines, will continue to shift to premium quality growing areas, particularly cooler ones. Continuing improvements in viticulture and vinification, as well as developing experience in the production of the wines, and increased insight into factors contributing to quality, will result in improving quality of the wines.

While the impact of the global recession on exports of sparkling wine will continue to be felt for some time to come, the situation will eventually improve, as it has done in the past. In the interim, focus on local markets, and in particular the emerging black middle class, will be critical.

9. Summary and conclusion

There is little doubt that the South African sparkling wine industry has experienced a boom in the past few years; domestic sales and consumption have risen steadily since 2000. There is a proliferation of both local and imported brands on the market.

Cap Classique has gone from strength to strength. There have been significant increases in both the volumes produced and the number of brands available. The market is still dominated by white Cap Classique made from red and white cultivars, but there has been a steady increase in Blanc de Blancs and especially Rosé. These trends follow the global trends in the popularity of Champagne and still Rosé, and can also be attributed to the local market benefitting from the marketing success of a single brand; Pongrácz (Eedes, 2007B). Sweet and red Cap Classique is also produced, and the former is becoming an increasingly important style if volumes are taken into account.

Stellenbosch has emerged as the premium area for Cap Classique, followed by Franschhoek. Robertson and Constantia have been identified as emerging areas for the production of quality Cap Classique.

In an overview of WINE magazine tastings between 1998 and 2008, Cap Classique has been repeatedly praised for offering quality, consistency and value.

Carbonated sparkling wine has seen similar, if rather more sedate, growth over the same time period, although the number of brands available has decreased. Most of the wine available is sweet and white. The local market is dominated by a handful of brands, of which J. C. le Roux is the most prominent. Dry White, Dry Rosé, Sweet Rosé and Red carbonated wines are also made, of which Dry White is the largest category followed by Sweet Rosé.

Most carbonated sparkling wine brands are produced in Robertson and the Worcester/Breedekloof area. Many of the dominant brands are, however, labelled as origin Western Cape.

In South Africa, the price per litre of Cap Classique increased by ninety-five percent between 1998 and 2008. The price per litre of carbonated wine increased by over one hundred and ten percent over the same period. In spite of this domestic sales and per capita consumption of Cap Classique and other sparkling wines haves increased.

Exports of South African sparkling wine show positive trend between 1998 and 2008. This can be attributed to the success in imports of other South African wine, due to the emergence of new markets and a favourable currency exchange rate. Imports of sparkling wine show an overall increasing trend, but there is a lot of fluctuation. Peaks in the trend tend to correspond with peaks in Champagne exports, which comprise the largest portion of imported sparkling wine. Two brands dominate; Moët et Chandon and Veuve Clicquot (Colmant, 2009).

The underlying cause for the growth in the market can be summarised in one word; ôpremiumisationó As the editor of WINE magazine (Eedes, 2008) put it, ñBubbly is bling and bling is king...ò The aspirational quality of these wines, and their association with a certain lifestyle, have great appeal in these materialistic times. The upsurge in the demand for the premium sparkling wines such as Champagne has had a knock-on effect on other categories of sparkling wine.

Despite the impact of the global recession on world wine markets, the outlook for the South African sparkling wine market is positive, with the emerging Black market becoming increasingly important.

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