Veuve Clicquot: entrepreneurial thinking and brand value creation

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Marketing Case

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The Champagne Market: Brief Background

Champagne, one of the products that today embody the luxury spirit, plays a substantial economic role in French wines exports. According to the Champagne Bureau (2016), sales for champagne in 2015 was €4.7 billion. More than 55% of which was for export. The UK remains the largest single export market in terms of volume at 34.15 million bottles, which contributed a value of €512.2 million. It is worth noting that the most impressive growth in value comes from the US where shipments rose by 7.09% to 20.51 million bottles, and this was worth €514.8 million, up by 28.18%. Shipments to other European countries only accounted for 3.3% or just over 80 million bottles in the same time period. Such volume is the highest since 2011 but is still not back to 2007 levels of nearly 91.5 million bottles (Fallowfield, 2016). Japan ranks fourth in the top 10 export markets globally with an increase in volume of 13.1% to 11.79 million bottles in 2015, which stands as its highest record since 2006, while in China sales volume recently declined (-19.3%) (Champagne Bureau, 2016).

Generally, there are both facilitating and hindering factors influencing the growth of champagne markets (Research and Markets, 2016). On the one hand, several key driving forces include increasing surface area of vineyards worldwide, improving economic conditions, growth of the luxury wine market, and increased number of high-net-worth individuals around the world. On the other hand, high import duty, decreased grape production and increased use of counterfeit champagnes in the name of renowned brands are holding back growth. Competition in this market is rather concentrated with a few champagne houses dominating the market. The leading parent groups are LVMH (Moët Hennessy Louis Vuitton), Lanson-BCC, and Laurent Perrier with market share of 20.1%, 5.6% and 4.3% respectively (Company annual reports, 2015).

The Champagne Market: Veuve Clicquot

Back to the nineteenth century, Madame Clicquot (née Ponsardin), who had determination and pioneering consumer behaviour acumen, transformed an everyday, common place French beverage into a globally distributed luxury brand consumed by royalty, nobility and the aspiring social elite. At the helm of the Veuve Clicquot champagne house, Madame Clicquot’s geological, botanical, scientific and marketing expertise differentiated her champagne house and product from the competitors and revolutionised consumer perception of this beverage. She identified and created a luxury Champagne market which did
not previously exist and by her death in 1866, aged 89, Veuve Clicquot had annual sales of around three-quarters of a million bottles, a rapidly expanding iconic business, built on an iconic, yellow labelled bottle, endorsed by royalty. She not only developed monumental brand value over fifty years in mid-nineteenth century France but left a marketing legacy, the key values of which “only one quality, the finest” and striking brand differentiation, are still of relevance today, influencing consumer behaviour 200 years on.

Madame Barbe Nicole Ponsardin was born in 1777 in Reims, France, the daughter of a wealthy textile manufacturer and politician who, by Napoleon’s decree became the mayor of Reims. Aged 21 she married Francoise-Marie Clicquot who was involved in various businesses such as banking, wool trading, and champagne production of the Clicquot House. Following the death of her beloved husband Francois-Marie Clicquot to typhoid, she became the veuve (which means widow in French) Clicquot (Cathmoir, 2015; VeuveClicquot.com, 2016). At the age of 27 her life options were to relax or ‘enjoy’ her family’s wealth, as was the custom for women of her status at the turn of the century in France, but instead she petitioned her father-in-law to allow her to manage the family champagne house.

Madame Clicquot’s first decision was to concentrate her efforts on the Champagne production aspect of her late husband’s businesses as she had always taken a keen interest on the grape variety and soil quality of their vineyards. She took over the running of the champagne house in 1805 and ensured the consistent quality of the brand by selecting the finest grape varieties, purchasing the highest soil quality vineyards (grand cru), hiring the best blenders to ensure consistency of the house brand and purchasing the finest cellars for her champagne house. She had extensive knowledge of the champagne process and designed the novel purification technique of remuage – a technique of turning or riddling the bottles.

Prior to the invention of the riddling technique, champagne was a sweet, flat and everyday wine, which was cloudy owing to the remains of the yeast used in the fermentation process. Madame Clicquot’s riddling process held bottles upside down turning them regularly so that the dead yeast would all gather near the cork (called riddling). Once the settling was complete, the wine near the cork was removed leaving a non-cloudy liquid. It was the development of this novel technique that facilitated the transformation of the positioning of Champagne from the sweet, cloudy beverage available to the masses into a more refined, limited (by vintage) and clear beverage. Madame Clicquot changed consumer perception of all ‘champagnes’ by understanding consumer demand for a non-cloudy, less sweet, product
which could be perceived as more elegant and refined thereby differentiating it from previously sold champagnes.

Figure 1: Veuve Clicquot Logo

Veuve Clicquot: Marketing Decisions

Product: Brand logo and package design

Brand logos have been shown to play a critical role to customers in different business contexts (Park et al. 2014). Madame Clicquot had instinctive marketing acumen which converted perception and created brand loyalty. Several elements of her original 1805 marketing campaign are still used and celebrated by the brand today (see Figure 1).

- The comet: A symbol of shooting star on the cork was to celebrate the comet of 1811, signifying the outstanding vintage that year and adding her initials VCP (Veuve Clicquot Ponsardin).
- The distinctive yellow label: This ensured it was easy for consumers to identify, associate with the ‘rich’ colour as well as to differentiate from champagne competitors.
- The anchor: A Christian symbol for hope was used before the invention of labels. Keeping the original signature of the champagne house remained faithful and hard work of its roots.
**Place: Distribution**

Madame Clicquot not only selected the highest quality grapes, cork, glass, labels, gold foil and quality of wooden crates, but was also fastidious in her selection of shipment methods of the times, choosing the best horses, carts and ships to limit any scope for issues affecting the brand’s reputation during distribution. She appealed to customers through aroma, taste and sight enabling them to make quick and easy peripheral, low involvement decisions.

Madame Clicquot knew the distribution of the product would be pivotal in building the brand and this was an exceptionally difficult environment at the time due to the turmoil of the Napoleonic wars where naval blockades disrupted trade. She personally ensured her ships sailing to Russia with champagne for the elite was the first shipment of champagne after the naval blockades and allegedly sent bottles to the Prussian guards enforcing the blockade, who opened the champagne with their swords beginning the tradition of “sabrage” (Cathmoir 2015). Surviving records show she ensured hundreds of bottles of the finest vintages were shipped globally as far as India, Australia and the United States to nobility and monarchy e.g. to congratulate the Prince of Monaco on his marriage (VeuveClicquot.com, 2016). E-commerce is playing a more important role in multiple business contexts and has the potential to transform an industry. Given the importance of customer engagement (Eisingerich et al. 2014; Eisingerich and Kretschmer 2008; Merlo et al. 2014), how can Veuve Clicquot take advantage of the possibilities that e-commerce offers?

**Communications: Advertising campaigns**

It was through this celebrity endorsement by the social elites of the time that Madame Clicquot re-positioned all champagne and in particular the Veuve Clicquot brand to be the finest, exclusive, aspirational, luxury product consumed by ‘the finest’ people. The association with royalty and the elite and being ‘synonymous with the best’ appealed to the aspirational elite by offering them a sense of belonging or inclusion by brand association. Madame Clicquot not only secured celebrity endorsement by shipping crates of her champagne directly to the celebrities of the time but from 1830 onwards ensured the product was available at famous or intellectual Paris night clubs. Songs were written endorsing the brand in “operetta, vaudeville, variety and review” (Crestin-Billet and Paireault, 1992). The Veuve Clicquot brand also featured in poems including those written by Proust, Chekov, Jules Verne and Pushkin and menu cards and advertising posters promoted the distinctive
yellow label at events of the elites. Product placement occurred in certain plays of that era and the bottle was depicted on ladies fans used at exclusive events much like today where the brand sponsors events such as polo, horse racing and fashion events. A bottle of Veuve Clicquot is even depicted in one of Claude Monet’s paintings ‘Dejeuner sure l’herbe’ which hangs in the Musee d’Orsay.

**Veuve Clicquot: The Story of an Entrepreneur**

Madame Clicquot vies as one of the greatest marketers of all times as she showed business intelligence and remarkable determination considering her situation at the time. She didn’t need to work but pursued the highly controversial decision to be a business woman in an era when it would have been highly unusual for a woman to be leading a business. She chose to pursue the development a luxury, non-essential brand during the French Revolution and turmoil of war where trade and distribution was highly unpredictable and disrupted. Her determination was most apparent when she first took over the house as she nearly went bankrupt with all her “high quality” purchases for the champagne House to secure its position as a grand cru.

In order to honour outstanding women like Madame Clicquot with entrepreneurial spirit, the Veuve Clicquot Business Woman Award was founded in 1972. This pays tribute to the first among them, Madame Clicquot, who becomes a leading figure in the business world. These women possess pioneer qualities rendering them capable of facing every challenge: leadership, creativity and talent. Over 340 women in 29 countries have been received the award. Each year, the winners from each country are invited to attend the international business woman forum. It is an experience of dialogue and discovery at the mansion of Veuve Clicquot in Verzy, where businesswomen tour the cellars, attend a gala dinner and the vineyards. Sharing the real-life adventure annually enhances the brand community involvement, fortifies the public showcasing of the brand and spreads the ambassadors across the world.

*Retaining excellence over time*

Demand is notoriously difficult to predict when markets are changing fast (Seifert et al. 2015). And remaining innovative over time is harder still (Ren et al. 2015). Madame Clicquot’s combination of conviction and determination in an adverse political and business
environment with her astute and instinctive marketing acumen not only repositioned champagne amongst other alcoholic beverages (e.g. spirits and wine), but ensured the longevity of the Veuve Clicquot brand amongst other champagne brands. She was responsible for the evolution of one of the most successful brands of all time without any training or guidance and made astute marketing decisions which are still of relevance today. Veuve Clicquot is now one of the seventy houses owned by the LVMH Group which in 2015 had revenues of just under 36 billion euros.

During the past decades, trying to find a balance between the rise of luxury wine consumption and decreased grape production has always been one of the crucial issues for the négociant houses like Veuve Clicquot, or broadly for the entire parent groups, resulting to the structures among all the houses, the groups, and the growers become more delicate and intertwined. For instance, the relationship between the co-operative growers and large champagne houses is a crucial one. When the individual growers unite to a larger grouping to provide significant volumes of wine, they effectively become competitors of the champagne houses.

What are some of the activities that Veuve Clicquot can focus on in order to retain goodwill and strong customer trust (Eisingerich and Bell 2008; Liu et al. 2015), willingness to offer positive WOM online (Eisingerich et al. 2015), or even admiration (Park et al. 2016) in the future? To what extent, if at all, should Veuve Clicquot consider leveraging its brand to spur future growth (Chun et al. 2015; Park et al. 2016) without putting too much pressure on its logistics (Wagner et al. 2012)? In addition, the tension between distinct champagne brands within the same parent group is more likely to be striking either in cooperative moves to create value jointly or in competitive moves to gain individual advantages. To keep the ‘finest’ across every aspects when experiencing such a complex environment in present time may require additional efforts.

**Case Study Questions**

1. How does Veuve Clicquot create value for customers?
2. How does the Veuve Clicquot brand create value for its company?
3. What benefits does Veuve Clicquot offer to customers that make them admire the
brand? Is there a danger Veuve Clicquot may become a boring brand, a confusing brand, or a decent brand?

4. Which actions allowed Veuve Clicquot build a personal connection between the brand and customers?

5. How did Veuve Clicquot ensure the brand is salient or top of mind (TOM) in memory and easily recalled by customers?

6. Moving forward, to what extent should Veuve Clicquot pay attention to adding and/or improving on and/or deleting brand benefits?

7. How can Veuve Clicquot further leverage its brand and benefit from strong (a) extension and (b) feedback effects?

Sources:


