

Spain's Freixenet Plans to Upgrade Its Image in U.S.

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Sparkling Wine Maker Seeks
Status of Champagne
At a Less Fizzy Price

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SAN SADURNI DE NOYA, Spain—Freixenet, the sparkling Spanish wine whose budget price has helped it outsell French champagne in the U.S., is about to change its image.

With sales slipping in the U.S. because of rising costs and a sagging dollar, the world's leading sparkling wine exporter plans a \$5 million U.S. ad campaign stressing that Freixenet is made by the same classic, finicky means as French champagne but is still a good value. The goal is to grab market share from medium-priced French and U.S. sparkling wines.

A slick U.S. advertising campaign that touted the brand's matte black bottle and inexpensive price helped turn Freixenet into the country's No. 1 sparkling wine. Sales surged to 30 billion pesetas (\$328 million) in 1990 from around 16 billion pesetas (\$175 million) in 1985, the company estimated. U.S. sales now account for 27% of Freixenet's overall revenue, according to the company. More than 1.2 million cases of Freixenet were sold in the U.S. in 1990 compared with just more than one million cases of French champagne, Freixenet said.

Pedro Ferrer Bosch, president of the privately held Freixenet SA, said net profit remained flat in 1990 at around 1.8 billion pesetas. No other financial details were revealed.

What worries Freixenet and other producers of Spanish sparkling wine is a recent decline in U.S. sales. The number of bottles of their products purchased in the U.S. sank 10% last year to nearly 17 million bottles, according to the Reguladro de Los Vinos Espumosos, the government agency that oversees the sparkling wine industry.

Mr. Ferrer Bosch noted that the recent falloff in U.S. sales has been offset partly by a 23% increase in sales to Europe of Spain's sparkling wines, called *cavas*, in 1990. Growth in Germany and Sweden is particularly strong, company officials said. "The company's supported by a number of legs; if one fails us for a bit we can shift our weight to others," Mr. Ferrer Bosch said. But the U.S. remains the backbone of Freixenet's export revenue, and thus Freixenet wants to see its sales grow again. Thus the ad campaign.

Critics say Spain's sparkling wine exporters, including Freixenet, have for too long based their reputation on rock-bottom prices without promoting their simple, fresh flavor and quality production.

"An about-face has to be done," said Steve Metzler, owner of Classical Wines From Spain, a Seattle-based importer. "You don't sell volume by promoting volume."

Mr. Ferrer Bosch said he no longer considers as competition sparkling wines that get their bubbles from a spurt of carbon dioxide and sell for around \$4 a bottle. "We have to raise our prices and accentuate quality over price," he said.

Freixenet executives said the shift in strategy will be gradual with some products, such as Brut Nature and the new Aria brand sold as prestige sparklers, while others will slip into the higher-price category over time.

"Freixenet followed the only possible strategy it could to break into the U.S. market," said Pedro Ferrer, son of Mr. Ferrer Bosch, who runs Freixenet's California winery. "Now that we have volume, we can gradually improve our image."

Some analysts suggest, however, that revamping the bubbly's image may require more than a spiffed-up ad campaign.

While Spanish *cavas*, are gaining favor among some connoisseurs, they are still viewed as the poor cousin to French champagne.

Spanish *cavas* are made by the traditional means of producing champagne known as *methode champenoise*, but aren't allowed to call themselves champagne, a privilege reserved for wines from the rigidly defined Champagne region of France.