

FOOD AND BEVERAGE

Cognac's "big four" responsible for 90pc of retail value: IWSR

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LVMH-owned Hennessy V.S.O.P cognac

By STAFF REPORTS

The global cognac market is expected to see strong continual growth in the coming years, driven by increased consumption in the China, the United States and the United Kingdom, according to a report by IWSR.

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IWSR's "[Global Cognac Insights](#)" report estimates that global consumption of the wine-derived spirit will increase by approximately 2 million cases by 2021. By the end of this period, the U.S. alone is expected to move more than 6 million cases of the spirit.

Cognac coverage

Overall, China remains the world's largest cognac destination market by value. Although the market saw a slump in consumption due to a crackdown on government extravagance, IWSR foresees recovery and growth in the coming years.

"Although cognac has suffered in China, the category has to some extent been protected by its longevity in the market," the report says. "Forced to choose, many consumers will opt for cognac over rivals such as Scotch whisky.

"It seems inconceivable that there will not be some kind of rebound in the luxury cognac market in China over the coming years; the key is to know precisely when, and to what extent," said IWSR.



Rmy Martin campaign

The report also notes that Chinese consumers view VS cognacs as "too cheap," preferring VSOP and above instead. But, VS varieties of cognac are a key driver of the market and have the largest volume in the U.S.

Slowing VS interest in China has led cognac marketers to target U.S. consumers, which has resulted in a double-digit sales increase in 2015.

Also, cognac marketers are rerouting inventory to invest in a younger spirit and the hugely influential African-American demographic.

Per IWSR's report, there is a "growing gulf" between the spirits industry's "big four" cognac houses – Hennessy, Martell, Rmy Martin and Courvoisier – and smaller distilleries. In 2015, those four brands accounted for nearly 90 percent of the category's retail value.

Experiential marketing is one way for cognac-makers to interact with discerning enthusiasts.

For example, cognac-maker Louis XIII de Rmy Martin is demonstrating craftsmanship and savoir-faire during an experiential tasting 52 stories above the streets of New York.

Organized jointly by the cognac brand and Four Seasons Hotel New York, the Louis XIII Experience launched Nov. 13 and is reserved only for guests who book the hotel's \$50,000 per night Royal Suite, or the "crown jewel" of the property, the bespoke Ty Warner Penthouse ([see story](#)).

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