## Case Insight 7.1: Lanson International

# Paul Beavis, Managing Director

Hi, my name’s Paul Baines, I'm Professor of Political Marketing at the University of Leicester, and co-author of the fifth edition of *Marketing* by Oxford University Press. In this clip, we talk to Paul Beavis, Managing Director of Lanson International, to find out more about how the firm tackles its international markets.

Well, Lanson started back in 1760, so we’re the fourth oldest, what they call international brands or Grande Marque was the original name to given to all the old houses. It was a father and son business in 1760 and pretty much even to present day we’ve remained very true to that, slight blip in the 60s, the late 60s actually, where it became owned by somebody else for a short period of time but we’re fundamentally still a father and son organisation today.

Lanson has been one of the first brands, if you like, to really take the international platform and try and drive distribution into international markets and we are the only house still to have its very own ‘clos’, a clos is a vineyard right in the heart of the city of Orléans so we are intrinsically connected to, to Lans and a relatively small-ish size organisation, what does that mean? We have a turnover size of about €300m, fundamentally family controlled, with about 300 employees on the global scale.

It, it’s a fascinating area in the sense that vines have been planted in the region for over 2000 years, so it was actually the Romans who first planted vineyards and vines in the Champagne region. Everything in champagne’s done by hand, the root grafting, the picking, everything is done by hand.

People talk a lot about dedication to quality and investment in research and making sure that what you're producing is some of the best in the world. Champagne is quite quiet at expressing that, it really is one of these industries that just gets on with it, it’s controlled by the CIBC which is the governing body in France and really since the late 50s, there’s been a huge investment in terms of future-proofing, talking about how, what are the impacts on global warming for champagne, for example. With champagne, you need high levels of acidity, does that mean that we’ll start picking the grapes slightly earlier than normal because we need the acidity, not the sweetness in the, in the grapes as it were?

So it’s a very quietly dynamic industry actually, and if you ever come to Champagne, you understand that it is a farming territory, people, the growers who predominantly own quite a lot of the vineyards in Champagne, they’re farmers they are trying to produce the best they can and the power of genuine relationships in Champagne is vital. Lots of houses own their own vineyards but not many people own enough vineyards in order to produce the grapes or get enough grapes for their production, so the people like the winemakers and the families and the longevity of generations of families selling to certain houses of their grapes is absolutely essential.

The UK historically has been the first export market for a lot of houses, it’s a market that’s worth about 31 to 32 million bottles and on average, over the last ten years, volumes have never really fluctuated more than between 5% and 10%, either up or down of that figure.

The UK is essential to the champagne market globally. As a matter of fact, we consume if you look at the population of the UK, quite a lot of champagne, we have a taste for champagne. Fundamentally it means that we’re quite a mature market within the category and there is a thirst for flavour profiles of champagne, people have brands that they’ve been affiliated with for, many years, what you're starting to see now in the UK is a lot more labels come to the UK, maybe labels that you've never heard of before.

Now that’s because people can see the importance of the UK market and the UK is dominated by two major channels, one is the retail channel and the other is the on trade channel, hotels and restaurants etc., so it’s getting a balance right between your distribution in both of those channels but actually the UK, we consumer a lot of champagne, we consume it sensibly and it is a very, very key market. For us as an organisation, it’s our first export market.

If you look at population numbers, which are relatively similar between France and the UK, the volume of champagne that’s consumed in France is about 130-140 million bottles, so what that tells you instantly is that actually a lot of people in France have been brought up with champagne. It’s such a celebratory drink actually, it’s a lot more, I'm gonna use the term ‘everyday’ and I mean that in the nicest possible way. It’s not something that’s just drunk for pure celebrations and there are thousands of different labels available in France so people do have a much broader choice and much wider array of different flavours.

So ‘the problem’ as we address it is the marketplace is dominated by some very large international organisations. We had to ask ourselves what was our genuine point of difference between ourselves and those other brands and the reality is that we do have a genuine point of difference. That took us about six months to really identify, we needed to unpick the brand, understand the DNA of Lanson as an organisation. We ended up with a number of veins of gold which gave us a true compelling story.

The challenge that we faced was this methodology and what gave us this point of difference is a term called non-malolactic fermentation, that is not a particularly user friendly style of language to explain why we’re different.

What we had to do was identify what this methodology was. Since 1760, Lanson has produced its champagne in the same way, we have never changed, we’ve been consistent with that. There are only a number of other houses who still produce the champagne in that method.

This method, which is unique, is the process whereby you stop the malic acid converting into lactic acid. Malic acid is what you get in a green apple; lactic acid is what you get in milk. We delay that process by happening by chilling our champagne, our grape juice, the first pressing as it were down to stop the two acidities coming together.

What does that fundamentally mean? It means it takes us twice as long to make, it costs twice as much to make and it means you have a unique flavour profile. That unique flavour is, and has been scientifically proven to be, a perfect aperitif champagne. We have researched that with the Leatherhead Food Research University to prove that there is a taste profile difference.

So that’s fine, we now understand why we’re different, we appreciate the language is not very friendly so what we needed to do then was create a reason to take that to market and the reasoning is around the aperitif moment. So Lanson is the world’s perfect aperitif champagne because it gets your palette ready for food, it will enliven a jaded palette because of the freshness and the zestiness of the taste and that’s why people who love the style of wine that we produce constantly come back to Lanson. That and the marketing and the brand building that we’ve been doing for many years, supporting the Lanson name, so it’s a combination of both.

We talk about style and substance, not style over substance and that can also therefore be translated into what’s in the bottle rather than the colour of the label. So we know the role that we play in the market and for our customers, and they like the style because of the mouth-watering, refreshing taste. That’s the point of difference that has an occasion led our approach.

Predominantly it’s been led through some very traditional methods of marketing, that’s been above the line campaigns but our above the line campaigns have not been purely lifestyle led, they've been about the positioning of the brand, the taste message and the occasionality to share. We believe that it’s a brand that can be consumed with friends, it’s a relaxed, it’s an informal moment, not just those pure celebratory moments because lifestyle is a very dangerous word, as is luxury, it means different things to different people and to us it’s about sharing a Lanson moment with friends and that could be anywhere, weddings, birthdays, or even the fact it’s a Thursday night and you're getting close to the weekend.

So it’s the perfect start to us and it’s actually owning a message which resonates with customers globally, actually, it’s the perfect start to a night in, it’s the perfect start to a night out, for example or a wedding etc., and that’s based on a product truth, so everything actually lines up and the fact of the matter is it’s a genuine point.

It doesn’t matter how good the language is if the taste doesn’t actually deliver what we say, so actually for us, it’s all about how that taste profile comes across to people, so there is a core brand strategy and a message that we’ve executed in the UK. In the UK we’ve also linked up with things like Wimbledon so since 1977, we’ve been affiliated with probably the world’s best tennis event.

Now what that does for us, it enables us to get our brand in front of a very broad and, and mainstream audience, at the same time point, Wimbledon is an international brand in itself, so there has been some dare I say sponsorship opportunities that we’ve been able to bring to life but we like to say they’re sponsorships with intent because actually we can bring the Wimbledon message with champagne and strawberries and Lanson specifically, on a global scale because it’s transferable. It’s why we can’t go and sponsor everything because we like the events, for example, the events have to have a reason to exist and for us it’s about the tasting message, so everything comes back to the taste, it’s not just about affiliation because somebody’s a superstar or a supermodel, I think that’s fine if that’s your approach, our approach is to be more authentic and talk about inside the bottle.

It comes back initially to say okay what role and what size and scale are we going to be globally? What is our aspiration on a global level? And also the cost of entry into each of these markets, there are certain markets that are easier to break into and other markets which are really challenging.

China, for example, is a very challenging market to get into and to do it, it takes time, you've got to get it right. We will take the view of do we own and set up our own subsidiary model? Or do we work with an importer/agency model? That ultimately means we will work with an existing route to market operation, somebody who already has a number of other brands that would actually therefore represent our brand in that market.

Now both of them have benefits and disadvantages to be honest, if you have your own subsidiary model, the cost of entry is exceptionally high and you’ve got to have your own people in the marketplace. So that takes longer and it is more time consuming. We did that with the US about three and a half years ago and it was the right model for that market because of the scale of the US market.

Some smaller markets, for example, you're better off having an importer strategy because they’ve got the infrastructure in place, they’ve got the route to market secured, they’ve got their client base already. Now that does come with some disadvantages in the sense that you must have in-market presence, you must have your own people in the market to support the distributor, otherwise your message can get diluted two or three times over before it even hits the customer or the consumer, so there are pros and cons to both, it does come down to the appetite of the organisation and what its long term vision is for volume aspirations and market share aspirations.

It takes a lot of time and you've got to understand the market, No. 1, data and consumer insight is vital because it understands how people are consuming your category in the first place. You then identify where the opportunities are and are there future trends that you need to get involved in?

It fundamentally comes down to having a point of difference, you either try and outspend them from an advertising and sponsorship point of view, one idea, the other one which we’ve taken is you focus on the quality of what you're producing and you focus on the points of difference.

When you have a brand that has a genuine point of difference, you need to extrapolate that from the brand and bring it to life to the marketplace. What that normally means is that advertising comes second, you get in-trade marketing done properly, i.e. for us, it will be focusing on tastings, experiential campaigns, it’s getting people to taste the difference and why there are taste differences within the category of champagne.

One of the biggest brands or biggest branded organisations will focus less, or they choose to focus less, on taste and more on lifestyle and that’s fine to an extent, but when you're coming in, you’ve got to know why you have that point of genuine difference and to be fair, it cannot just be the fact that you focus more on quality and provenance because everybody can say that, it’s actually taking it down to a real basic common denominator and in our case, it’s about the taste message and in the hotels and restaurants, where there’s more engagement with the consumer and the customer if that makes sense, i.e. the operator, the restaurant, they want to talk about the brands and they want to talk about stories so actually this is where the benefit of story-telling comes to life, story-telling is really great as long as what you're giving the customer at the end of the day, has a genuine taste difference.

So really, we know exactly the role we play, we know how to bring it to life, it takes a long time and you've got to do it almost outlet by outlet level. There are things like the influencer programmes that you pull together and an example, we once we did what we called ‘The great taste debate’, where we got some very influential people in a particular market with some key journalists and we did a great tasting and that was all about understanding the differences in these wines, for example. That was then executed with a trade publication, so we got the trade to understand us first and then you bring it to life from a consumer position, which is around what’s the perfect aperitif style to be drinking? So I don't think there’s any shortcut to that answer, it’s very hard work and it takes time.

The future for the brand is to be the world’s perfect aperitif champagne, that’s the positioning, we’ve made it for 255 years in the same way, we have a mouth-watering, refreshing style that doesn't change, it’s consistently award winning and it is the perfect start to your champagne moment.