

## **FREIXENET IN FRANCE: CELEBRATING LIFE'S MOMENTS**

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### **Abstract:**

This case analyzes Freixenet's strategy in the French market for sparkling and still wines. The first part of the case summarizes the history of the company, its international expansion and the key elements of its competitive strategy. The rest of the case analyzes in depth the alliances and acquisitions made by the company in France, including Henri Abelé and Yvon Mau. The case offers opportunities for discussing foreign market entry strategies, distribution choices, the balance between technological innovation and marketing activities, and post-acquisition integration strategies.

### **Keywords:**

France, Sparkling wines, acquisitions, alliances with distributors.

JEL Codes: M16, M10, F23.

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## **FREIXENET IN FRANCE: CELEBRATING LIFE'S MOMENTS**

The view from Freixenet's office in downtown Bordeaux was expansive. The Garonne river gently hugs the old city that is the center of the French wine industry, the world's most sophisticated and profitable. During the 1990s Freixenet demonstrated in the United States and Germany that it could become the number one sparkling wine brand in spite of not producing champagne, but cava. They came up with a unique approach combining traditional production techniques, high volumes and savvy marketing. Little did they know that within ten years Freixenet would take the French market by storm, challenging the traditional French champagne houses, and attracting young consumers to a product category historically associated with the greying generation. Still, managers felt that the implementation of this strategy had been uneven, and that the balance between organic growth and acquisitions was not sustainable.

### **Origins and Growth**

Technically speaking, Freixenet does not make "champagne" but "cava," which is the official denomination for sparkling wines produced in Spain along the Ebro river basin and, most importantly, in the Penedès County, located to the West of Barcelona, where production first began in the late 19<sup>th</sup> century. Thus, Spanish firms in the sparkling wine business always had to surmount the comparative *disadvantage* of not being a producer based in the famous French champagne-producing counties, where the *méthode champenoise* was first developed some three hundred years ago.<sup>1</sup> The Penedès had several key advantages, however. One was its proximity to railway tracks and highways, and to Barcelona's harbor. But the greatest of all was that the area was protected from cold Northern winds by the massive rock formation of Montserrat, and from hot Mediterranean winds by a range of mountains. As it turned out, these became key factors in the implementation of a strategy based on high production volumes.

Until the 1970s, the weaker brand reputation of the Spanish producers could only be compensated by lower costs for labor and grapes than in France—and by tariff barriers. Spanish cava output was mostly sold in the domestic market. By the early 1990s, however, 40 percent of Spanish production was sold in the United States, Germany, the U.K., the C.I.S., Sweden, Switzerland, Canada, and other countries.<sup>2</sup> Freixenet accounted for 70 percent of total Spanish exports, even though it had traditionally been the second largest

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<sup>1</sup> See Prial (1996).

<sup>2</sup> See: Bonet Ferrer (2007, 2015), Mínguez Sanz (1994).

Spanish producer. Codorníu, its bigger, neighboring rival, had been much slower than Freixenet at becoming an exporter, investor in distribution channels abroad, and acquirer of vineyards and production facilities in the U.S. and Latin America.

Freixenet was a family controlled and run company. It started producing cava in 1889. In 1935 it opened a short-lived U.S. sales subsidiary. Beginning in the 1950s it pioneered exports to the U.S. and Europe, but by the late 1970s export levels were still rather small. To improve foreign sales, the company decided to focus on the positioning of the product, the choice of distributors, and the creation and/or upgrading of commercial subsidiaries. The big push came in 1980 with the creation of Freixenet USA and in 1984 of Freixenet Germany GmbH, located in two of the largest export markets for sparkling wines. That same year they took over the British distributor. In Germany they took a large slice of the market with their *Carta Nevada* label, which they had first introduced in the Spanish market in 1946. Germany became Freixenet's most important export market. Part of the success in this market came from the efforts of Eckes Granini, its German distributor since the 1990s. The repositioning of the brand after conducting a consumer survey proved key. Final costumers were asked about the positive aspects of the Spanish origin of the brand and they highlighted feelings of passion and happiness. Since then these feelings were emphasized in the positioning and communication of the brand. The involvement of the distributor as the implementer of the new strategy was also crucial. Freixenet's market share in Germany jumped from 3 to 10 percent.<sup>3</sup>

Freixenet's market entry in the U.S. was also the result of careful research. First, they studied the different market segments and decided to target the one for champagne bottles priced between 4 and 9 dollars. Below that segment one could find the Californian low-quality competitors. Above it were the Italian and Californian high-quality producers, while the French premium champagnes dominated the uppermost end of the market. Then Freixenet introduced a new brand specifically for that intermediate segment, the *Cordón Negro* or "black bottle," which was supposed to appeal to the young, urban professional class. They supported the launch of the new label with a massive advertising campaign, eventually turning the firm into the third-largest sparkling wine advertiser in the U.S. market.

Thanks to this positioning and to the decentralization of distribution by selecting a specific distributor for each state, instead of one for the entire country, Freixenet became the U.S. market leader in volume within a short period of time, selling more bottles than all of the French producers combined.<sup>4</sup> The *Cordón Negro* was a wine produced and bottled in Spain, and exported to the U.S. and other major markets, thus suffering from a reputation disadvantage relative to the French labels. The evolution of the main markets in volume for cava is shown in Table 1. Even though the Belgium/Luxembourg area was the best market for cava in 2016,<sup>5</sup> Germany was historically the biggest market in the world for cava and sparkling wine in general, although a price hike hurt sales after 2005. Freixenet had a volume market share of approximately 10% of the overall sparkling wine category in Germany while

<sup>3</sup> See Ariño et al. (2000).

<sup>4</sup> See Adams/Jobson (1996).

<sup>5</sup> In Belgium the leading brand was Gran Barón, a private label introduced by the retailer Colruyt. Belgium is one of the few countries in which customers know cava well as an appellation.

in other big markets such as the U.K. or the U.S. its volume market share hovered around 6%.

**Table 1: Main Export Markets for Cava (in thousands of bottles of 75cl.)**

	1986	1995	2000	2005	2010	2011	2012	2013	2014	2015	2016
<b>Belgium/Lux.</b>	401	556	789	3050	21378	23570	25269	27644	30405	30510	30016
<b>Germany</b>	2161	24759	51804	56254	41063	40365	39461	40289	30546	33079	28417
<b>UK</b>	1225	5922	14043	29271	32249	31956	35926	29904	28833	27902	26822
<b>USA</b>	n.a.	12233	8421	12784	17512	17366	17224	17845	18224	19790	21304
<b>France</b>	38	205	408	1556	3899	4221	4961	5444	6364	7430	8972
<b>Japan</b>	n.a.	1425	2726	3758	5793	5511	7326	7727	7662	7826	8505
<b>Netherlands</b>	218	1099	1141	2371	2385	2776	2673	2593	2558	3124	3484
<b>Sweden</b>	1000	2073	1685	1902	2305	2225	2443	2592	2789	3016	3440
<b>Finland</b>	28	211	618	1381	2447	2722	2912	2750	2918	2888	3140

Source: Consejo Regulador del Cava.

In spite of its \$33 million annual advertising budget (12.2% of sales), however, massive and astute marketing was not enough to account for Freixenet's success. The company was torn between adopting industrialized methods of sparkling wine production using large metallic containers for the second fermentation, on the one hand, and emulating the traditional *méthode champenoise*, with the second fermentation taking place in the bottle, on the other. The former is very efficient, but the quality of the wine suffers greatly. Understanding that its success depended on producing champagne of medium-to-high quality at low cost, Freixenet began spending one percent of revenues on R&D, and developed an automated procedure based on *jaulas* or "cage-like" racks for the second fermentation of the wine in the bottle, which produces its characteristic sparkling character. These devices hold a great number of bottles, making it possible to automate the daily operation of turning each bottle so that the sediment of dead yeast cells accumulates in the neck of the bottle. This operation was traditionally performed by hand, and took 21 days to complete. The automated process enabled the firm to bring it down to just 5 days. They also discovered that freezing the neck of the bottle prior to removing the yeast facilitated the process. For a high-volume firm producing over 100 million bottles annually, automation represented a major advantage, especially at a time when labor costs in Spain were rising quickly. This production innovation allowed Freixenet to mass produce sparkling wine of consistent medium-to-high quality at low cost in its facilities, which consisted of seven underground levels and boasted extensive automation and robotics.

After developing its brand image and improving its production methods, Freixenet transformed itself into a full-fledged multinational firm. In 1985 it established Freixenet Sonoma Caves in California (which produced one million bottles of the Gloria Ferrer label per year), and acquired the third oldest (1757) French champagne house, Henri Abelé of Reims (400,000 bottles), in an attempt to learn about new trends and technologies in the industry. In

1986 it created the Sala Vivé vineyard in Mexico (400,000 bottles). These foreign acquisitions, combined with others in Spain, allowed Freixenet to almost double its production capacity in a matter of two years and position its new brand offerings in the upper segments of the market.<sup>6</sup> In the late 1980s and early 1990s Freixenet opened marketing and sales subsidiaries in France, Russia, Mexico, Australia, Japan, and China. The U.S. market lost growth potential as the dollar weakened and anti-alcohol campaigns reduced overall demand. As of 2015, Freixenet was ranked as the third most powerful sparkling wine brand in the world, just after Moët et Chandon and Veuve Clicquot, and 61<sup>st</sup> among the 100 most powerful brands in wines and spirits (see Table 2).

**Table 2: Most Powerful Champagne & Sparkling Wine Brands in the world and position in the 2015 overall ranking of spirits and wine brands.**

Rank	Brand	Overall rank	Total Score 2015 (%)
1	Moët et Chandon	19	14.8
2	Veuve Clicquot	32	10.4
3	Freixenet	61	5.3
4	Dom Pérignon	69	4.5
5	Mumm	86	2.8
6	Martini Sparkling Wine	89	2.7
7	Nicolas Feuillatte	97	2.4
8	Taittinger	100	2.2

Source: The Power 100. The World's Most Powerful Spirits & Wine brands. Intangible Business.

## Consumer Preferences and Product Innovations

Consumers varied from country to country in terms of their tastes for sparkling wine. The black bottle of *Cordón Negro*, a brut cava, was the best-selling product of the firm nowadays in countries such as France and the U.S. In some markets, like Germany, consumers preferred semi-dry (*semi seco* in Spanish, or *semi sec* in Catalan), which is sweeter than brut. German consumers also preferred a bottle showing the color of the wine, instead of the black bottle of *Cordón Negro*.

Managers at Freixenet were aware that “people like to talk *brut*, but they prefer to drink sweet.” To serve this segment, and especially young people who prefer easy-to-drink sparkling and still wines, Freixenet introduced the Mía brand. The logo was inspired in the modernist architecture of Barcelona. Under this brand Freixenet sold wines made with Spanish grapes, targeting young consumers. The first wine launched was a Spanish young

<sup>6</sup> In 1984 Freixenet acquired three domestic producers being privatized by the government after the nationalization of the Rumasa business group: Segura Viudas (11 million bottles), Castellblanch (13 million bottles), and René Barbier (10 million bottles).

red made with *tempranillo* grapes from La Mancha and with a sweet taste. Priced at over 4 euros, it became the second best-selling wine in Germany. It was a wine for informal occasions. The company also offered Mía white and rosé still wines as well as some sparkling moscato-like wines. Freixenet launched Mía-branded, ready-to-drink cocktails like sangría or mojitos in bottles and cans to further appeal to young consumers.

Another product innovation was Freixenet Ice, a *semi sec* cava prepared to be served with ice, and sold in an appealing white bottle. Freixenet Ice was priced higher than *Cordón Negro* because it was an aspirational product. It was presented to the market as a year-round wine for occasions different than cava. The idea here was to reduce the seasonality in cava consumption, and to address the emerging competition from other sparkling wines that are easier to drink than the average cava, like the Italian proseccos. With prosecco consumption rising worldwide (see Annex 1), the company decided to launch Freixenet Prosecco, a sparkling wine made with Italian grapes and produced in Italy by one of the largest wine cooperatives.<sup>7</sup>

## The French Market

France was famous for producing some of the finest wines in the world. Whether red, white or rosé, still or sparkling, a number of French wines in each category claimed to be second to none in the world. But the industry was driven not just by quality, but also quantity. There were many controlled designations of origin (*appellation d'origine contrôlée*), and a high number of wine producers in France. Some of the latter were huge winemakers, like Castel or Grands Chais de France. But there were also many small producers, each of them fighting for their own space on the shelves of the main retailers. French people were proud of their wines. Therefore, Freixenet always approached the French market with caution, despite the geographical proximity, and despite being the second market in the world in terms of wine consumption.

The initial steps in the country were taken with French distributors such as Pernod Ricard or Marie Brizard. But these were disappointing experiences. Both groups had a large portfolio of foreign brands to distribute in France and Freixenet was just one more label. They had no interest in building the Freixenet brand in France. However, in 1999 the company was approached by the fourth winery in the country, Yvon Mau. Contrary to the others, Yvon Mau was a more focused company. It was a Bordeaux wine producer looking for foreign wines to leverage their French distribution network. In fact, Christian Herbert, the person in charge of selecting foreign wines to distribute in France, had discovered the brand while vacationing in Mallorca. The Spanish island was a typical holiday destination for European tourists and Freixenet sparkling wines were promoted at many parties and social events. Mr. Herbert discovered a brand that proposed an appealingly new way of celebrating, something lacking in the French market at that time. The market opportunity had some similarities with the U.S. market. The entry level brands of champagne were priced at over 10 euros. The leading

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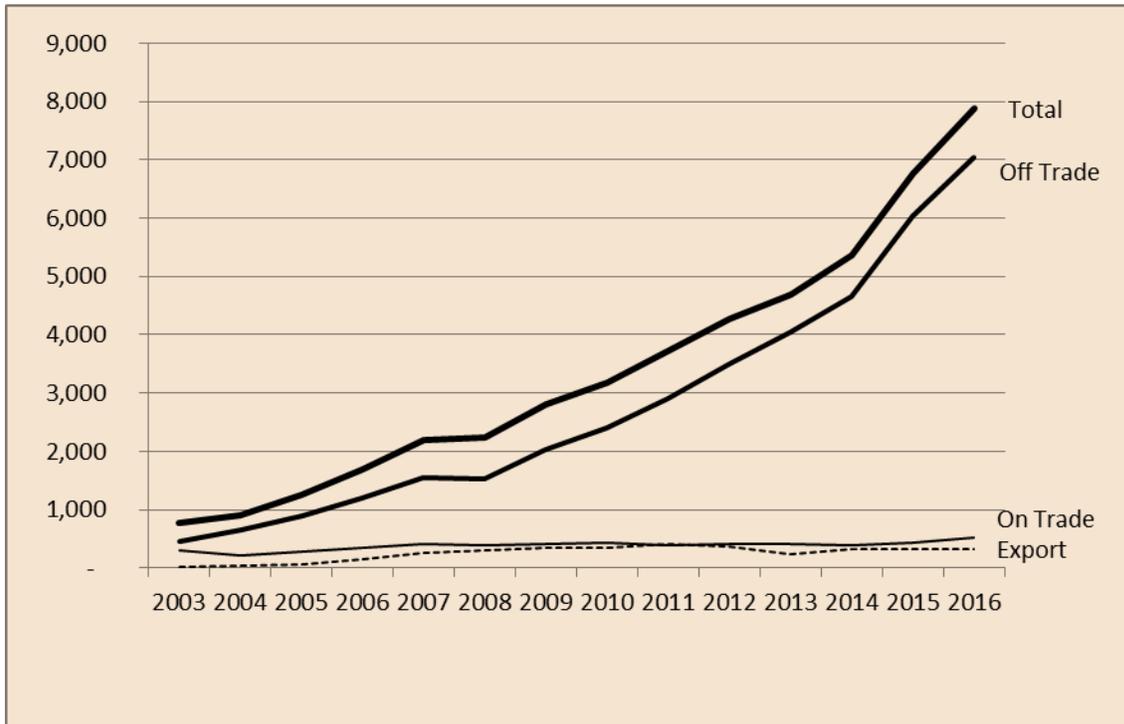
<sup>7</sup> Unlike champagne and cava, which are elaborated following the traditional method of second fermentation in the bottle, prosecco wines are elaborated by following the granvas or charmat method, with a second fermentation in a tank, prior to being bottled.

sparkling wine from the Champagne region, Charles Volner (elaborated following the granvauz method, with the second fermentation in tanks), was priced at below 5 euros. Volner not only had a lower intrinsic quality because of the elaboration method, but it was also seen as a bit old-fashioned and dull by young consumers, who wanted something different for their celebration moments than the typical sparkling wine traditionally consumed by their parents. Thus, despite the initial concerns, there was a market opportunity in France, and it had to do with young people. They did not want to drink what their parents used to drink.

To pursue this opportunity, Freixenet market tested Carta Nevada and *Cordón Negro*, with customers preferring *Cordón Negro*, unlike in Germany. A target price 10-20 percent higher than Volner's was fixed in order to position the brand in the premium range and to assure profitability, as intensive marketing and promotion were required. In fact, at that time the market share for foreign wines in France was a mere 1.5%. Hence, it was a huge challenge to convince the main retailers that a Freixenet label could be successful. A large amount of money was invested in building the brand via secondary placements in supermarkets with testing areas and promotional prize draws. In addition, a sales team was created to promote the brand. People from the traditional sales force of Yvon Mau did not fit in because selling Bordeaux wine required customers to evaluate the taste (see below), while selling Freixenet was all about selling the brand and the experience. In ten years Yvon Mau moved from selling zero to more than three million bottles of Freixenet in France. After this milestone, Mr. Herbert focused his efforts on the on-trade channel and Thierry Delean, who was in charge of commercialization of Bordeaux wines in France, managed the off-trade activities of imported wines. Freixenet's success in France did not go unnoticed at headquarters in Sant Sadurní. The French market witnessed sustained growth even after the financial crisis of 2008. *Cordón Negro* disrupted the sparkling wine category in France, and they believed that there was ample room for further growth.

Once Freixenet had gained a strong foothold in France, the company developed a more aggressive marketing plan to increase its market share. At that point Freixenet was already capitalizing on the image of cava, making sure that consumers understood that it was a designation of origin following the same elaboration methods of the champagne wines. They decided to leverage the image of Barcelona. After asking final customers on the positive evocations associated with Spain in general and Barcelona in particular, they pointed out the idea of being in a party and having a good time. Thus, the concept that emerged was that the bottle carried with it the party. Another advantage of associating the brand with the city was that in France it was forbidden to include people in any kind of advertisement of any alcoholic drink. Thus, although it was not possible to include in the ads images of people partying or having a good time, including some images of Barcelona could associate this idea to the brand while abiding by the law. After an ambitious marketing plan Freixenet came to sell more than 8 million bottles of cava in France, which represented a market share of 8% of all sparkling wines sold, excluding champagnes (see Figure 1). The Mía sparkling wines and Freixenet Ice were successfully introduced in France, but the bulk of the sales (80%) continued to come from *Cordón Negro*. This meant that there was still room for growth in France. The main threat was the rise of the proseccos. In France, the various Italian brands from this denomination of origin sold just 3 million bottles per year, but the category was growing quickly.

Figure 1. Freixenet sales in France (thousands of bottles of 75 cl) by channel.



Source: Yvon Mau.

## Acquisitions in France

Freixenet's first acquisition in France was Henri Abelé of Reims, the third-oldest (1757) French champagne house. With this 1985 purchase, Freixenet joined the extremely selective club of producers of champagne. However, this acquisition was hardly a milestone in Freixenet's international expansion. In terms of size, Abelé produced just over 400,000 bottles per year. In terms of profitability, margins were low because of the cost of the grapes. And as Henri Abelé did not own vineyards, it had to bid for the scarce production of grapes that qualify for keeping the exclusive denomination of origin. Freixenet did not pursue any synergies with its other brands. Henri Abelé was a classic champagne that had very little to do with Freixenet's cavas, which were primarily targeted at young people, at least in the French market. Whereas Henri Abelé was sold in specialized circles, putting the emphasis on tradition and on the method of elaboration, Freixenet was sold in the mainstream market, emphasizing the brand. For these reasons, the commercial synergies between Freixenet and Henri Abelé were not relevant enough. In fact, Freixenet only sold Henri Abelé outside France in Mexico and Spain, and most of Freixenet's consumers were not aware that Henri Abelé was owned by Freixenet. Henri Abelé was losing money every year.

In 2001 Freixenet decided to acquire Yvon Mau, a winery founded in 1897 that as of 2017 had 185 employees and generated 93 million euros in sales, of which 27 percent were exports. At that time Freixenet was expanding by acquiring still wine producers around the world. (In 2001 Freixenet bought Wingara in Australia.) Besides being the distributor of Freixenet products in France, Yvon Mau was the fourth-largest wine group in France. This position and the interest that Yvon Mau had taken in distributing Freixenet's products in France, made the company optimistic regarding the future. Part of the price of the acquisition was linked to the evolution of Yvon Mau's EBITDA in the years following the transaction. During these early years, Jean Francois Mau, then president of the company, continued in this position. Mr. Mau's initial expectations were that the acquisition was a bigger opportunity for Yvon Mau to increase exports than for Freixenet to grow its market share in France. Ironically, the end result was completely unexpected because the theoretical synergies between the international distribution networks of both companies were not easy to realize.

In Bordeaux, wine companies —labeled as *négociants*— did not elaborate the wine. They bought it from the owners of the vineyards, in bulk or bottled. There were over 400 *négociants* in Bordeaux, so there was a high degree of competition when trying to leverage the Bordeaux denomination of origin. Another problem was that most of the wine already in bottles was heterogeneous in quality, not only for the different appellations that existed inside the Bordeaux area (up to 57), but also because most of the wine was labelled with the name of the producer of the wine (the *château*).<sup>8</sup> Thus, it was difficult to build a brand: profit margins were not big enough to cover the costs of differentiation.

As of 2017, Yvon Mau's activities included:

1. Trading of wines. The company acted as a reseller of bottled wines. They were the so-called *châteaux*, wines labelled with a mention of the vineyard from which the wine came from. This included wines from the very exclusive category of Grands Crus Classés, which was reserved for the finest wines, as well as a wide array of less distinguished wines.
2. Production of brand wines: In this case, Yvon Mau was more than a reseller. The wine was bought in bulk and then blended, aged in oak barrels in some cases, and bottled. Their brands for the Bordeaux range were Yvecourt (lower segment), Premius (premium segment), and Le Petit Grand (only for exports). They also created brands for other French wines (not Bordeaux), like Yvon Mau "varietals," and private labels for the French and British markets.
3. Brand distribution. They also distributed other French wines, such as Domaine des Bertrands and Henri Abelé, and foreign wines (Freixenet, Marqués de Cáceres, or the Canti Prosecco). They used to be distributors in France for E. & J. Gallo Winery, but in 2017 the only foreign wines distributed by Yvon Mau came from Spain and Italy.

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<sup>8</sup> The French wine industry was very fragmented as far as grape production was concerned. The average *château* had 25 hectares and two workers (one hectare is enough to produce 7,000 bottles). They typically sold each bottle for 5 euros.

The great heterogeneity that existed among Bordeaux wines partially explained why it was so difficult to achieve synergies from this acquisition. Selling Bordeaux wines was complicated, especially in the trading sector, as there were different appellations, each *château* produced different wines, and each wine differed across vintages. This fact not only created confusion among customers, but also made for difficult logistics and stock management, as the number of stock keeping units (SKUs) increased. Selling Freixenet, on the other hand, was all about marketing and selling the brand. In fact, inside France the commercial director had his sales force divided into two groups, namely, brands and *châteaux*. However, it was in international markets where these differences in commercialization created more problems when trying to coordinate the international activities of Yvon Mau and Freixenet. Selling abroad Bordeaux wines required specialized knowledge that employees in Freixenet's distribution network lacked. The degree of cooperation between the international networks of both companies varied across countries:

1. In some countries, like the U.S., the Freixenet local subsidiary did not have any involvement with Yvon Mau's products.
2. In other countries, however, there was a close collaboration between the Freixenet and Yvon Mau networks. China was a good example, a country in which Yvon Mau sold more than Freixenet, and Freixenet's subsidiary helped Yvon Mau to create a marketing plan for the Premium brand.
3. In other countries, like Japan, Yvon Mau sold through the local Freixenet subsidiary. There was an export manager that coordinated Yvon Mau with Freixenet's subsidiary. But in this case the export manager was not allowed to contact the clients of the subsidiary directly. This lack of autonomy of Yvon Mau's export managers may have reduced the international growth of Yvon Mau, because managers of Freixenet's subsidiaries did not see selling Yvon Mau as a priority and/or did not want to endanger sales of cava by pushing Yvon Mau's wines. In fact, Freixenet subsidiaries also distributed other still wines produced by wineries owned by Freixenet. For instance, Freixenet's Mexican wines competed with Yvon Mau's.<sup>9</sup>
4. In other cases, Yvon Mau sold Freixenet through its own international distribution network or led the commercial efforts to enter some markets. This was the case in the French overseas territories and in some French-speaking African countries.

Thus, it seemed that it was easier for Yvon Mau to sell Freixenet labels than for Freixenet to sell Yvon Mau's products. The organization of Yvon Mau's international activities had changed recently. Until 2014, there was an export director at Yvon Mau coordinating all export managers. After that change most export managers of Yvon Mau reported to the manager of Freixenet UK, but also had to coordinate with the Freixenet subsidiaries in each country. Only two export managers in charge of some Central and Northern European countries (Poland, Germany, Austria, Denmark Russia and Ukraine) reported to a manager in

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<sup>9</sup> In 2001 Yvon Mau's turnover was 76,8 million Euro, of which 50 per cent were exports. As previously mentioned, exports nowadays account for 27 per cent of total sales. See Annex 2.

Bordeaux, who also coordinated with the Freixenet's global team at headquarters to exploit business opportunities in French-speaking African countries.

Freixenet's top managers at Sant Sadurní had never been fully satisfied with the profitability of Yvon Mau. In 2014 Yvon Mau's general manager was fired. Instead of replacing him, an executive committee of four people including the financial, commercial, marketing and operations directors was put in place. They launched a plan to reach profits of 3 million euros. The first step of this plan was to redefine the portfolio of products according to their volume and profit margin. Products with low volume and low profit margin were discarded, and for the remaining ones they attempted to increase either margins or volume. In addition, they tried to reinforce their own brands to facilitate the commercialization of the wine. One example was the brand "Révélations d'Hubert de Bouard," which was an umbrella to sell some *château* wines for which Yvon Mau had the exclusive right of commercialization. This was a first attempt to introduce a brand in the *château* business via a partnership with the famous enologist Hubert de Bouard (owner of the prestigious Château Angelus). The idea was to have some *château* wines developed and endorsed by him. They also introduced the brand French Bulldog, based on wines elaborated outside the Bordeaux region, targeting young people and with a good quality/cost balance. This brand could compete with Chilean wines in international markets, which were cheaper than Bordeaux and easier to drink. In addition some projects aimed at achieving synergies with Freixenet's international network were being developed. This was the case of a French wine (not Bordeaux) designed to be launched in Germany under a brand endorsed by Freixenet. As of mid-2017 Yvon Mau was on the right track to achieve the 3 million euro profit target.

## Thinking about the Future

The future of Freixenet in France looked bright. Sales of its cava brands were increasing at double digit rates. New product innovations were well received by consumers. Local managers and executives at headquarters wondered whether their efforts should be focused on organic growth as opposed to managing acquisitions. Reflecting on the French experience, managers wondered about the decisions the company had made and what the next steps should be.

Were the acquisitions in France necessary to pave the way for the recent success in the world's most difficult market? Were some adjustments needed to achieve global synergies between Freixenet's still and sparkling wines? What specific changes should be introduced to fully exploit the synergies with Yvon Mau?

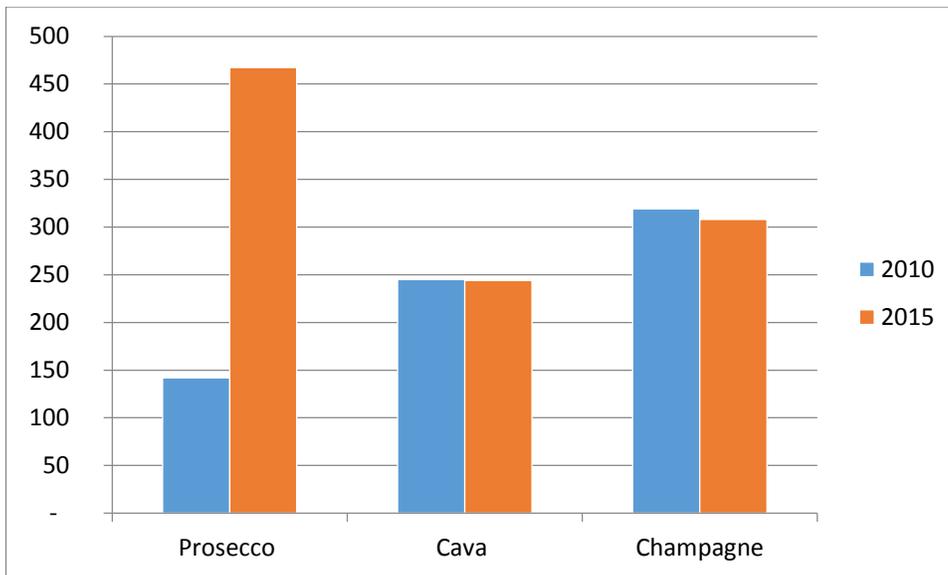
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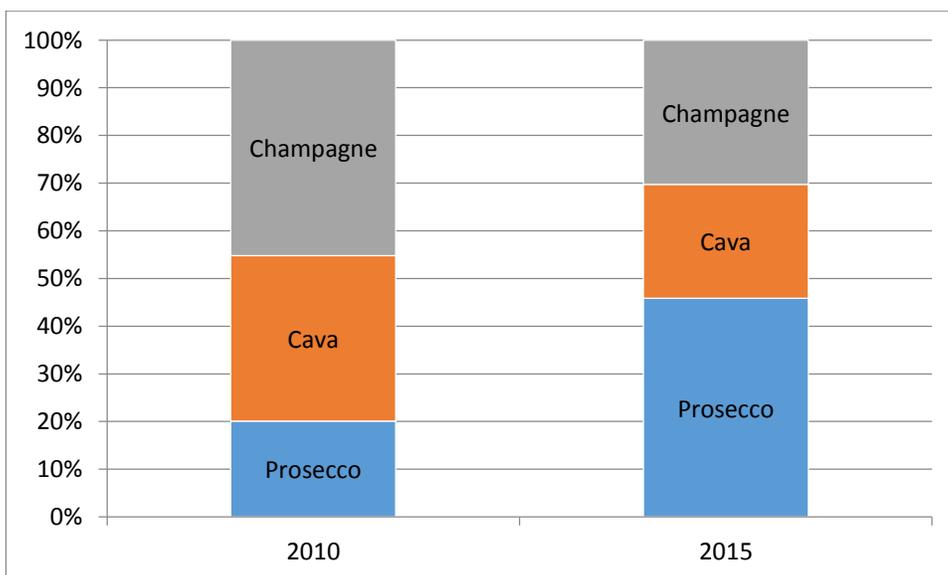
**Annex 1:**

Global Sales and Market Shares of Different Sparkling Wines, 2010 and 2015.

A. By number of bottles (in millions).



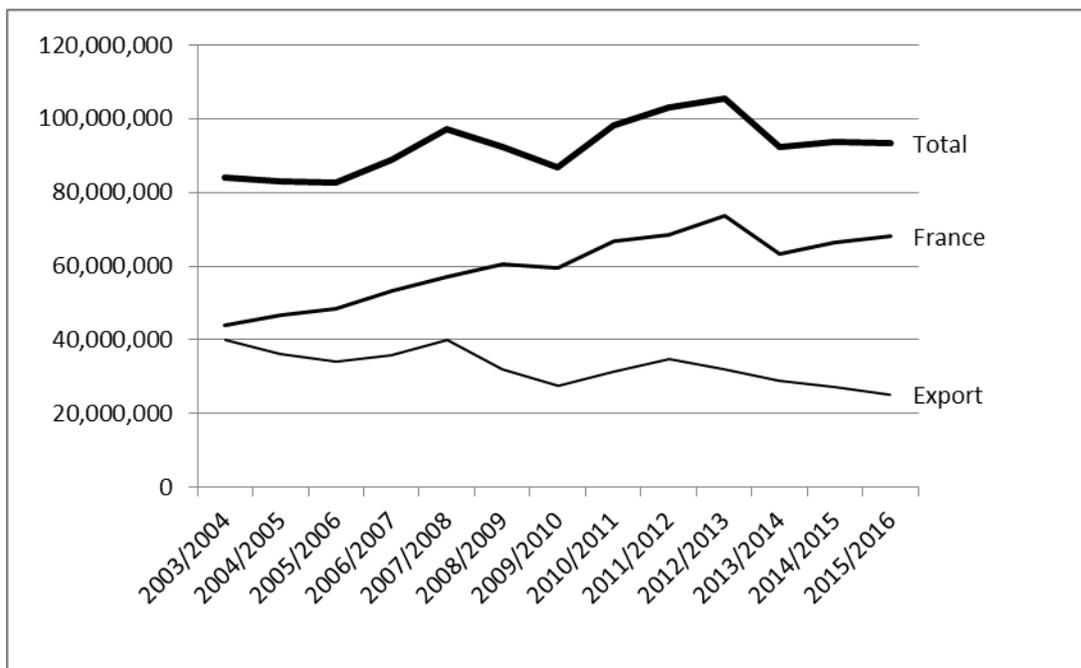
B. By market share.



Source: Freixenet, based on data from the appellations and the 2016 IWSR.

**Annex 2.**

Yvon Mau's sales by market (in euros).



Source: Yvon Mau.