



Economics of Champagne

Description

Grower Champagnes (Récoltant-Manipulant) are those that are produced by the same estate that owns the vineyards where the grapes are grown. Now here let's talk about economics of making and selling champagne by the grower himself. It's evident that he would make a profit only if he is able to sell his champagne at a price more than what he could have got by simply selling his grapes and not producing champagne.

Let's start in the vineyard with an average of 3 tons per acre, or 3000 kgs. This will yield approx. 2100 litres of juice which will be fermented and fill about 9 barrels. Each 220 litre barrel will fill about 293 bottles or 24 cases. This equates to approx. 1 kgs of grapes needed to fill 1 bottle.

Now going by current rates, a grower can sell grapes to other champagne houses at £8 per kilogram. So in case he makes champagne from his grapes then he would make profit only if he sells each bottle at more than £9.6 as per following calculation-

£8 (cost of grapes in one bottle) plus taxes £1.6 (20%) = £9.6

Remember this is only basic cost plus taxes. Additions to this may include overheads of labour transportation etc, marketing costs, profit margin and so on, which in case of CHAMPAGNE ROGER BRUN works out to £13.5 in the shared post.