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Pernod Ricard replaces Cognac division head as industry faces mounting challenges

Leadership changes at major spirits companies come amid declining sales and trade tensions with China impacting the Cognac sector

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Pernod Ricard has removed Philippe Neusch from his position as head of its Cognac division, according to an internal memo seen by Reuters. The company has appointed Francois-Xavier Morizot, currently the head of Champagne at Pernod Ricard, to take

over responsibility for both Champagne and Cognac. This change comes at a time when the Cognac sector is facing significant challenges, both within Pernod Ricard and across the broader industry.

Pernod Ricard owns Martell and Augier Cognac brands, as well as the Romanian brandy Ararat. The group has managed Martell since 2001, transforming it from a struggling label under Seagram into a major player in the global spirits market. Martell, produced in the Charente region of southwest France, was one of Pernod Ricard's fastest-growing brands in the mid-2000s. In 2005–2006, sales increased by 11% in a single year. By 2016, Martell ranked among the top 10 global travel retail brands, selling 363,600 nine-liter cases and trailing only Hennessy among Cognac brands.

Despite this strong performance in previous years, Martell has recently struggled. In February 2025, Pernod Ricard reported that Martell accounted for about 90% of the company's total 4% sales decline for the first half of fiscal year 2025. For the six months ending December 2024, Martell was the worst-performing brand among Pernod Ricard's strategic international labels. Value sales dropped by 25%, while volume sales fell by 19%. The company cited ongoing macroeconomic challenges and geopolitical uncertainties as key factors affecting the spirits market. Pernod Ricard specifically pointed to worsening conditions in China and travel retail in Asia as major issues impacting Martell's performance.

The leadership change at Pernod Ricard comes just days after Rémy Cointreau announced its own executive shakeup. Francke Marilly will become CEO in June, replacing Eric Vallat, who is leaving to pursue other opportunities. Marie-Amelie de Leusse, chairman of Rémy Cointreau's board of directors, expressed confidence that Marilly will bring new energy to the company and help address growth challenges amid a complex economic and geopolitical environment.

Both Pernod Ricard and Rémy Cointreau are closely watching developments between the European Union and China. In January 2024, China launched an anti-dumping investigation into EU brandy imports. The investigation was expected to conclude by April 2025 but was recently extended for another three months. Since October 2024, import taxes averaging around 35% have been imposed on EU-made brandy through

guarantees. The Cognac industry estimates these measures are costing about €50 million per month.

The new appointments at both companies come at a critical time for the Cognac category. Industry leaders are hoping that fresh leadership can help navigate ongoing trade tensions with China and revive sales in key markets. As Morizot takes on his expanded role at Pernod Ricard and Marilly prepares to lead Rémy Cointreau, their ability to adapt to shifting market conditions will be closely watched by stakeholders across the global spirits industry.