

## How to Succeed in China with Imported Wines?

### Motivation for Choosing the Topic:

As a wine journalist in China, I had the opportunity to visit hundreds of wineries, wine events and exhibitions. At many of the visits and events I was often asked about China, some of the most often asked questions were: What kinds of wines do Chinese people like? Do you think Chinese importers will be interested in our wines? Could you recommend us some Chinese importers / distributors? They seem to be very interested in China, but they do need some helpful local advice. I hope this topic can be helpful for them.

### Objective of the Thesis:

To assist international wine producers to break into the China market. China is one of the biggest and most complicated wine markets, many foreign wine producers, especially family-run producers may not know how to start, who to look for, and what to do to break into it and succeed. I hope this field research thesis can be a useful guide.

### Methodology:

To analyze the Chinese wine market's size, evolution, drinking & dining cultures, trend, consumers buying behaviors & references, some leading importers and distributors through local official data search, facts, case studies, field research, and interviews, providing an overall picture of the Chinese wine market, then conclude with advices to wineries.

### Contents:

#### 1. China's Wine Market Size Analysis:

China is the world's second largest economy, and the world's second largest importer and consumer with a population of about 1.4 billion. China will import more than 10 trillion U. S. dollars' goods and services in the next five years. This provides a historical opportunity for worldwide companies to break into China. While China's wine consumption per capita is quite low, plus the increase of wine and healthy lifestyle appreciation, China is definitely a super promising wine market.

#### 2. Chinese Imported Wine History & Chinese Drinking and Dining Cultures analysis:

##### Chinese Imported Wine History

**In the 1980s**, only one imported wine company, domestic modern wine production started.

**In the late 1980s & 1990s**, emergence of foreigner importers.

**In the late 1980s & 1990s**, China was actually lacked exposure to things outside of China, very few people traveled abroad, and many companies were state-owned and run. There were only about 200,000 cases of wine imported in bottles into China in 1999, very small compared with the 687.5 million liters in 2018.

**Between 2000 and 2012**, red wine, especially French wine dominated the China market, either at the very cheap or high end. The medium level wines were not actually easy to sell.

**Since 2012**, diversities, all other countries found their niche markets in China. When China's austerity

campaign started in 2012, the market changed a lot: premium imported wine imports slowed down, consumers types and demands changed, the middle class who love to travel, explore, and try new varieties, new regions is growing. It has been a consumer driven market ever since, and good value for money wines are the norm.

### **Chinese Drinking and Dining Cultures**

China is huge with diverse palates, diet habits and preferences. We have various styles of cooking depending on region. These styles of cuisine may reflect a majority regional palate, but it's not uniform, and it depends on the individuals. We have a culture of drinking white spirit (Baijiu) and beer in our daily life at whatever occasions. When people sit at a Chinese dining table, all the food is served at the table, everyone is toasting with each other, saying cheers or ganbei (bottoms up.). It's a vibrant and interactive dining culture and baijiu and beer fit that well. But today, more and more people like to drink wine instead as they are considering a healthier diet or fashion.

### **3. How Chinese Imported Wine Market Has Changed?**

Wine styles evolved from red & Bordeaux dominated wines to diversification. Consumer are more real drinkers with more knowledge who are curious to learn about wine. It's not just businessmen buying for gifting and not just people buying for status. Consumption occasion is evolving from government and elite businesses to friends' and personal consumption. Wine distribution channel evolved from on-trade, off-trade to more online, O2O, new retail (combination of offline & online sales & services) and live streaming sales. To conquer all channels, offline and online services is a must, and that needs lots of resources.

Marketing & communication strategies evolved from events, exhibitions & roadshows to webinars & virtual tastings. Wine education is a good way but evolves with more online wine education with the Covid-19 outbreak. Wine brands and regions are more willing to switch to digital marketing strategies, virtual meetings, virtual tastings and virtual visits, experience & service are the trend.

### **4. Consumers' Buying Behaviours & References**

Friends' or idols' recommendations definitely work very well in China, while scores and comments of some KOL in the wine business also work, but works the best in the wine circle. Some medals attached on the bottle seems to work very well for both consumers and wine professionals. Today, with the increase of wine knowledge, Chinese wine consumers are more confident in choosing what they want.

### **5. Star Importers & Emerging Importers to Check in China**

### **Conclusion & Advice to Wineries**

Wineries should have some reality checks. Having multiple importers and distributors depending on portfolios of wines and what you want to do. Judging distributors based on honesty, passion, their ability to retain their clients, their professionalism in wines, then splitting the wines' markets per client and per distribution channel is suggested. Looking for partnerships with local importers & distributors is essential, then avoid competition between distributors either by splitting clearly between geographical zones or type of channel. Wineries also have to be in the market and have commitment, and importers have to educate the wineries about what to expect in China. Have commitment and a long-term strategy. Have a clear vision of who your target consumers are, and be ready to educate and assist your Chinese partners in developing different markets.