Abstract Weinakademiker Thesis D7

Baijiu – The Obscure Sleeping Giant of the Global Spirits Industry? Implications for Future Market Development

Motivation

This thesis was driven by both professional curiosity and personal background. During my WSET Level 4 Diploma studies, we tasted premium samples from several spirits categories. This made my interest in spirits grow. Concurrently, I noticed that baijiu was absent from the tasting samples and from the study material because Baijiu is one of the world's most commercially significant spirits categories. It includes some of the most valuable alcoholic drinks brands in the world and has exceptional domestic scale. It is fascinating that the estimated value of the baijiu market is far higher than the combined annual revenues of the two largest global operating drinks groups, although this is not a direct like-for-like comparison.

This led to the question: why does such a large and culturally significant spirits category remain so poorly understood outside China?

Problem and Objective

The problem addressed in this thesis is the contrast between baijiu's enormous commercial scale and its limited recognition in Western markets. Baijiu has strong domestic commercial scale, cultural meaning and luxury positioning in China but remains marginal outside China. It is rarely visible to mainstream Western consumers and knowledge of the category is limited, even among some wine, spirits and hospitality professionals.

This raises the central question of this thesis: given baijiu's domestic success, can its future growth in Western markets be considered inevitable or is the idea of baijiu as a "Sleeping Giant" more uncertain than its scale in China suggests?

The objective is to examine why baijiu has not achieved broader recognition and market penetration in Western markets and what factors influence its acceptance among non-Chinese consumers.

Methodology

The research uses a qualitative-led mixed-methods approach. Secondary research was based on books, market data from sources such as Euromonitor, Reuters articles, expert commentary, trade publications and professional spirits sources, including Spirits Selection by Concours Mondial de Bruxelles and the International Wine & Spirit Competition.

Primary research was exploratory and qualitative. Semi-structured interviews were conducted with selected Dutch-based consumers, beverage professionals and hospitality stakeholders. Field observations were carried out at Vinexpo Paris 2026 and ProWein 2026. Additional scans examined baijiu availability on Dutch retail websites, shelf presence in selected Dutch liquor and wholesale chains, selected Moutai pricing in Europe and visible baijiu presence in selected cocktail bars, international luxury hotel bars and modern Chinese or Asian restaurants in the Netherlands.

The secondary and primary data were compared and organised through thematic analysis and a SWOT framework.

Content

Baijiu is closely connected to Chinese drinking culture. The Chinese characters "白酒" are pronounced as "bai-jiu" and literally translate as "white alcohol". Baijiu plays an important role in social rituals, business occasions, social status and gift-giving. It is not one single style but a broad category with different aroma profiles and unique production methods.

The research identifies baijiu's main strengths as commercial scale, cultural depth, distinctive production methods, diverse flavour profiles, strong sensory identity, luxury associations and category diversity. Brands such as Kweichow Moutai and Wuliangye give baijiu exceptional symbolic and financial status. Western-facing examples such as Ming River show that baijiu can be introduced through cocktails, trade education and more accessible storytelling.

The research also identifies barriers, including low category awareness, fragmented distribution, weak visibility, unreliable availability, high alcohol strength, sensory unfamiliarity, unclear drinking occasions, limited label communication and price risk. The primary research showed curiosity when baijiu was introduced with context but also hesitation towards buying a full bottle or accepting the flavour profile without guidance. The retail and hospitality scans supported this picture by showing limited retail visibility on Dutch retail websites, fragmented availability, limited mainstream retail presence, limited back-bar presence and absence from drinks menus in selected HoReCa in the Netherlands. The thesis also identifies price gaps and grey-market access as a challenge: price differences between China and Europe may encourage travel, duty-free purchases, online ordering or diaspora networks, making export figures difficult to interpret as direct evidence of Western consumer adoption.

Implications and Conclusion

The implications are that baijiu's Western market development is most likely to be gradual rather than immediate. Baijiu does not yet have the familiarity of established spirits categories such as whisky, gin, tequila or vodka. Its strength lies instead in cultural depth, diverse flavour profiles, sensory identity, luxury associations and category distinctiveness. Specialist retail, hospitality education, Chinese and Asian food pairing, guided tasting and carefully positioned cocktail introductions may offer more realistic routes than mainstream promotion alone.

The findings suggest that baijiu needs explanation before it can move beyond curiosity. Its unfamiliar flavour profile, high alcohol strength and cultural distance from Western drinking habits may limit spontaneous consumer acceptance. Visibility alone may therefore not be enough. At the same time, Western market adaptation carries a risk of product dilution and loss of identity.

Currently, leading producers are actively seeking recognition outside China and investing in expansion into new markets. They have substantial financial resources, brand prestige and in some cases, state-linked ownership or institutional support.

The conclusion is that baijiu has potential outside China but its growth is not inevitable. Its commercial scale in China is important but it is not enough to guarantee international success. Therefore, baijiu can be called a "Sleeping Giant" only with caution. It is powerful within China but it is not yet a global consumer category in the same way as whisky, gin, tequila or vodka. Baijiu can grow in Western markets only if producers, importers, educators and HoReCa stakeholders make it easier to understand, taste and trust.