



CHINA LABEL REPORT

CONSUMER INSIGHTS FROM THE CHINESE MARKET

JUNE 2012



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Introduction



We've all been taught not to judge a book by its cover but in today's highly competitive market, most consumers would struggle to choose a wine without being influenced by its label design.

A wine label is the starting point for most wine purchase experiences, setting product expectations and laying the groundwork for the consumer relationship with the wine brand. Our research and other studies in this area show that labels play a vital role in the decision making process at both conscious and sub-conscious level.

This is especially true in a market like China, where wine is still a relatively unfamiliar category and consumers have only the most basic knowledge of regions and varietals to guide their wine purchase. The dominance of foreign languages on front labels (for good reasons, as our research shows) creates additional barriers for consumers, forcing them to pay more attention to label design and style as a cues about wine quality and taste.

Through our research with consumers in China, we have identified eight distinct label categories that consumers use to sort and evaluate the wide range of wine labels that they see on the shop shelf. These categories provide brand owners with important guidance on how to ensure their wine label fits the positioning intended for the wine.



Introduction (cont.)



Some of the initial takeaways from our research have been surprising. The traditional view of label design in the Chinese market has been that Chinese consumers like traditional and French wines – and that the better a label is able to reflect this image, the better it will perform.

We found in fact that mainstream consumers are more open to “Elegant contemporary” designs than we in the trade might have thought, as long as these styles convey the type of elegance and sophistication that is sought after in wine. This positioning is conveyed through specific design and a story to tell, which differentiate these labels from “Eclectic” labels, which appeal to some younger drinkers as a fun choice for an occasional gift for a friend, but are treated with caution for more formal occasions.

Which label type a brand should adopt depends on the specific business objectives and brand strategy that the brand owner wants to achieve. There is, of course, a fine balance between having a traditional design that can offer quality reassurance and being distinctive enough to stand out on crowded shelves. After all, a wine label is an external expression of provenance of the wine, history of the winery, personality of the wine maker and most importantly, the identity of the brand.

Introduction (cont.)

The wine category is still in its infancy in China, and the ways in which consumers interact with the wine – and with the packaging it comes in – is constantly evolving. For now, the key message from this research is that brand owners need be mindful of local needs and preferences when launching their brands in China. Brand messages that might come through clearly in western markets may not be interpreted in the same way by Chinese consumers, and label designs need to be tested with consumers in the market to ensure that they match the desired positioning.

For those who are able to break through the noise and design a label that stands out in the right way, the market will bring ample rewards.

Jenny Li,
Research Manager
Wine Intelligence
June 2012



Research methodology – how did we gather consumer insights?



- 40 in-depth interviews with Chinese consumers of imported wine were conducted face-to-face between April and May 2012 in Beijing and Shanghai
- Each interview lasted approximately 1 to 1.5 hours, within which about 10-15 minutes are dedicated to the label module
- Each interview respondent needs to be
 1. Resident in Beijing or Shanghai
 2. Aged between 25-50
 3. Personal monthly income > 4000 RMB
 4. Mixed wine consumption frequency:
 - Regular drinkers: 20 respondents drink imported wine at least once a month
 - Occasional drinkers: 20 respondents drink imported wine at least twice a year
 5. Not employed in wine industry or market research industry



Research methodology – how did we generate label classification with Chinese consumers?



- Wine Intelligence's China label classification is based on insights gathered from these 40 consumer in-depth interviews
- Consumers were given approximately 40 wine bottles to sort and categorise based on the label design
- They were also asked to justify their classification and prioritise categories from the following aspects:
 - Aesthetic preference
 - Design element interpretation
 - Quality / price perception
 - Suitable occasions
- Based on these results, we created a brief summarising the characteristics of labels in each category and teamed up with UK-based wine label agency Amphora, who designed 8 labels that best represented the characteristics of each category



Respondent sorting labels into categories in Shanghai, April 2012

AMPHORA

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