Report Brochure

CHINA WINE MARKET LANDSCAPE

JUNE 2014

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Report price

Report price:

GBP 2,500
EUR 3,000
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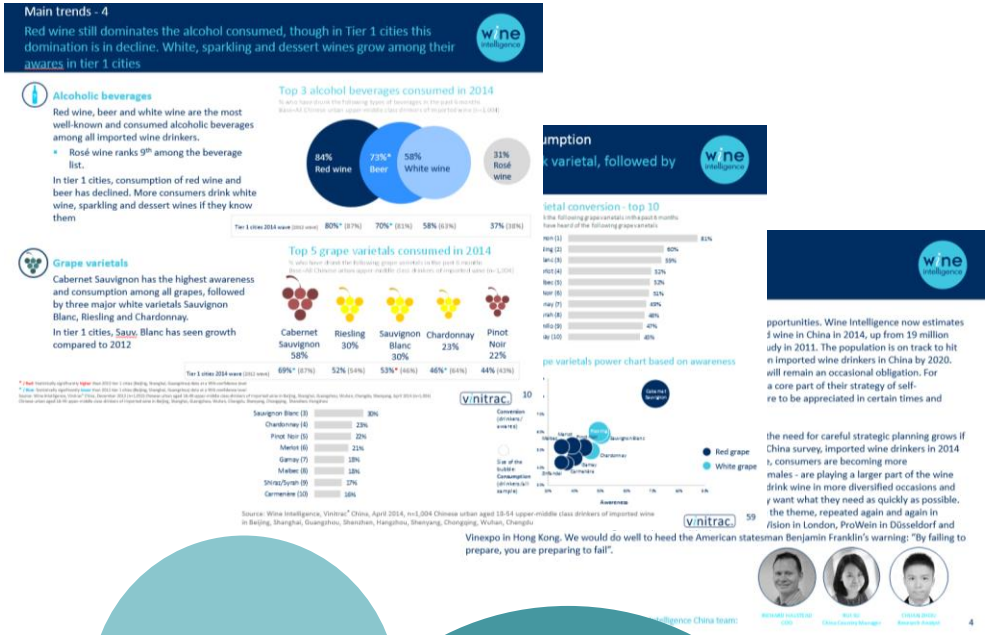
5



100 page PowerPoint report

Price also includes supporting data in Excel
(All Vinitrac® questions with cross-tabulations by gender, age 3 groups, China city tiers, China Portraits and typical off-/on-trade spend)

Excerpts from the introduction

"What will China be to the global wine industry in the next 12 months? From 2009 to 2012 China was the rich uncle that swooped in to pay top dollar for containers of wine, rescuing numerous sales targets and balance sheets along the way. Since then, and most particularly since Chinese New Year 2013, China has become a bit of a revenue desert. Orders for imported wine have slowed dramatically, businesses have shrunk, gone bust or laid off staff, inventories of unsold (and overpriced) stock have ballooned; and questions have been asked about whether the world's second largest economy is actually ready to take its place as one of the top markets for imported wine."

"China remains the 5th largest consumption market in the world for grape-based wine, and imported 30.9 million cases of wine in 2013 according to the IWSR, a small increase on previous years, compared to orders of magnitude growth in 2010, 2011 and 2012. How much of this stock (and that of previous years) has been sold through is a matter of speculation and debate. If the rumours are to be believed, the fallout for the weaker and more opportunistic elements among the 4,000-5,000 registered import/distribution players (up from 1,000 in 2009) and thousands of wine-specialists retailers on the market is expected to be swift and spectacular."

"Those that survive will wake up to a world of new, and more diverse, opportunities. Wine Intelligence now estimates that there are 38 million urban upper middle class drinkers of imported wine in China in 2014, up from 19 million when we first conducted the first comprehensive market calibration study in 2011. The population is on track to hit our prediction, made three years ago, that there would be 70-80 million imported wine drinkers in China by 2020. For some of these consumers, the purchase and consumption of wine will remain an occasional obligation. For others, it will be an obsession of discovery and education which forms a core part of their strategy of self-improvement. And a sizeable chunk of consumers see wine as a pleasure to be appreciated in certain times and places, but nothing more."

Wine Intelligence China team:

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IWSR methodology

- Measures from the IWSR correspond to actual wine consumption figures. This means sales into the trade (on + off-premise)
- The IWSR visits each market each year. Discussions are held with key local experts in the market including importers, producers, grey market operators, duty free operators, and supermarket/hypermarket buyers
- All volume data is given in thousand 9-litre cases
- In the breakdown by country of origin, IWSR includes (depending on the market and the size of the category) the following two categories: 'Other' and 'International'
  They are defined as followed:
  - 'Other': category including wine blends (normally in bulk or bottled without specified country of origin) and wines from other countries with volumes too small to break out separately
  - 'International': Category including wine brands that have wines from various countries
- The IWSR includes the following types of wine in its definition of 'wine':

Definitions	
WINE = Still light wine + Sparkling (Champagne & other) + Fortified	Sub-categories

Vinitrac® China methodology

- Vinitrac® data for this study were collected in April 2014
- Data were gathered via Wine Intelligence's Vinitrac® online survey of:
  - 1,004 Chinese urban upper-middle class drinkers of imported wine
- Respondents were screened to ensure they met the following requirements:
  - Urban upper-middle class: personal income of at least 4,500 RMB before tax per month in tier 2 cities (Wuhan, Shenyang, Chengdu and Chongqing); personal income of at least 6,000 RMB before tax per month in tier 1 cities (Beijing, Guangzhou, Shanghai, Hangzhou and Shenzhen)
  - 18-54 years old
  - Residents of Beijing, Guangzhou, Shanghai, Wuhan, Shenyang, Chengdu, Hangzhou, Shenzhen and Chongqing
  - Drink imported grape-based wine at least twice a year
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The survey was quota-based and post-weighted to be representative of Chinese urban upper-middle class imported wine drinkers in terms of age, gender, geography, and income
- The distribution of the sample is:

Mainland China		2014
	Sample size	1,004
Gender	Male	50%
	Female	50%
	Total	100%
Age	18 - 29	44%
	30 - 39	27%
	40 - 54	29%
	Total	100%
City	Beijing	17%
	Guangzhou	11%
	Shanghai	17%
	Wuhan	10%
	Chengdu	8%
	Shenyang	9%
	Hangzhou	7%
	Shenzhen	9%
	Chongqing	12%
	Total	100%
Income	RMB 10,000 or above	49%
	RMB 7,000-9,999	27%
	RMB 4,500-6,999	24%
	Total	100%

Vinitrac® China methodology - tracking

- Vinitrac® data for this study were collected in December 2012 and April 2014
- Data were gathered via Wine Intelligence's Vinitrac® online survey of:
  - 699 Chinese urban upper-middle class drinkers of imported wine (December 2012)
  - 446 Chinese urban upper-middle class drinkers of imported wine (April 2014)
- Respondents were screened to ensure they met the following requirements:
  - Urban upper-middle class: personal income of at least 6,000 RMB before tax per month
  - 18-49 years old
  - Residents of Beijing, Guangzhou, Shanghai
  - Drink imported grape-based wine at least twice a year
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The survey was quota-based and post-weighted to be representative of Chinese urban upper-middle class imported wine drinkers in terms of age, gender, geography, and income
- The distribution of the sample is:

	Mainland China		
		2012	2014
	Sample size	699	446
Gender	Male	68%	52%
	Female	32%	48%
	Total	100%	100%
Age	18 - 29	31%	45%
	30 - 39	42%	28%
	40 - 49	27%	28%
	Total	100%	100%
City	Beijing	19%	37%
	Guangzhou	23%	25%
	Shanghai	59%	38%
	Total	100%	100%
Income	RMB 10,000 or above	61%	61%
	RMB 8,000-9,999	25%	23%
	RMB 6,000-7,999	14%	17%
	Total	100%	100%

Qualitative trade interview methodology

- Three brief trade interviews were conducted between May – June 2014.
- Trade respondents are members of the wine trade working in different roles:
  - Wine distributor from Chengdu x 1
  - Wine distributor from Nanning x 1
  - Wine educator from Beijing x 1

Vinitrac® Methodology – China

SAMPLE SIZES

At least 1,000 respondents per survey

Imported wine drinkers who drink imported grape-based wine at least twice per year

Each Vinitrac® survey starts with questions to screen respondents:

- Adult drinking age within each country
- Permanent resident of the country being surveyed
- Drinks imported grape-based wine at least twice a year
- Drinks at least red, white or rosé wine
- Buys wine in the off-trade and/or in the on-trade channels
- From upper-middle class based on monthly income before tax (more than 6,000 RMB in Beijing, Shanghai and Guangzhou, or more than 4,500 RMB in Wuhan, Chengdu, Shenyang, Hangzhou, Shenzhen and Chongqing)

… and rejects all respondents who do not fulfil these Vinitrac® criteria

Each sample is representative of the wine drinking population in that market and is therefore valid; a sample size of at least 1,000 consumers ensures results are reliable. It's like a 'smaller' version of the wine drinking population at large

We comply with both MRS and ESOMAR codes and guidelines for market research practice

Vinitrac® - Frequently Asked Questions

WHY IS VINITRAC® NOT A PANEL?

- Panels are good for monitoring detailed purchase activity but require regular input from exactly the same complete group of respondents
- This requires more time from respondents, for which they are paid, and panels are therefore more heavily skewed towards home-based consumers, e.g. students and home-makers
- This group of a country's wine-drinking population does not fully represent the accurate weighted sample of adult regular wine drinkers on which Vinitrac® insights are based

HOW DOES VINITRAC® WORK?

- Invitations to participate in Vinitrac® are distributed to adult consumers in each market
- Consumers interested in a wine survey are directed to an URL address, which welcomes them to the online survey
- Wine Intelligence monitors incoming completed responses to build a sample representative of the wine drinking population of the target market
- When a representative sample of at least 1,000 is logged, the survey is closed

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Format: 100 page PowerPoint (PDF) + supporting data in Excel

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