

Report Brochure



HOW TO BUILD A WINE BRAND FOR CHINA

 AUGUST 2014



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 3

Step 3 Optimise front label design

Chinese wine consumers identify 8 main label categories

DOMESTIC: Domestic wine with Chinese characters on a traditional-looking label

PRESTIGIOUS: Premium-looking label with distinctive design and details that project prestige and history

STATELY: Traditional label design with use of vineyard / chateau images to indicate quality and provenance

SELECTIVE: Quirky image combined with bright colours

ELEGANT CONTEMPORARY: Contemporary styled image with muted colour palette and elegant look

Source: Wine Intelligence China Label Report 2012

Step 4 Adapt back label design

Describing wine tastes in a way that makes sense locally

The third level of the taste hierarchy focus on aroma flavors

Top 20 flavour references for Chinese consumers

Ranking based on % that say they usually find the following flavors in their favorite wine

Basic: All Chinese upper middle class drinkers of imported wine

| | | |
|----|--------------------|---------|
| 1 | Rose | 玫瑰 |
| 2 | Raisin | 葡萄干 |
| 3 | Vanilla | 香草 |
| 4 | Red apple | 红苹果 |
| 5 | Strawberry | 草莓 |
| 6 | Honey | 蜂蜜 |
| 7 | Peach | 桃子 |
| 8 | Oak | 橡木 |
| 9 | Lemon | 柠檬(黄) |
| 10 | Mint | 薄荷 |
| 11 | Mango | 芒果 |
| 12 | Lichee | 荔枝 |
| 13 | Lavender | 薰衣草 |
| 14 | Lime | 青柠/泰国柠檬 |
| 15 | Chocolate | 巧克力 |
| 16 | Jasmine tea leaves | 茉莉花茶叶 |
| 17 | Guava | 番石榴 |
| 18 | Coconut | 椰子 |
| 19 | Pear | 梨 |
| 20 | Orange peel | 橙皮 |

Western flavors: Many of the common flavor descriptors used in the West to describe wine flavors are similarly puzzling for Chinese consumers, who rarely come across flavors like elderflower in their daily lives. It doesn't mean that no

International flavors: (Images of tomatoes, lemons, etc.)

Local flavors: (Images of various fruits)

Source: wine intelligence, 2012. China, November 2012. 144,000 Chinese aged 21+
 30 open middle class drinkers of imported wine in Beijing, Shanghai, Guangzhou, Chengdu, Shenzhen, Xuzhou

Channel #1: Hypermarkets

Strengths and weaknesses in selling wine through this channel

Wine aisles in hypermarkets

Strengths and weaknesses in selling wine through this channel

Strengths

- Wide range of wine offers
- Highly trusted by consumers, especially the foreign retail chains like Metro, Walmart, Auchan
- Easy to access in developed regions
- Convenient for grocery shoppers
- Allow more diversified promotion activities such as tasting
- Financially stable due to support from typically large multinational parent company

Weaknesses

- Shoppers can be overwhelmed by choices
- Lack of shelf organization by brand, countries or price thus difficult for consumers to navigate
- Limited shelf space for information to help consumers made decision: i.e. shop staff has low knowledge about wine, limited shelf talkers
- High entry fees to get product listed

Local's Creek: Selling area in Wine Aisle allows the brand to stand out against competitors

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85-page
 PowerPoint
 report



Excerpts from the introduction



“Shaping your brand correctly for the Chinese market is one of the biggest product challenges in consumer goods today. Over the past decade major multinational brand owners have pitched their products into China, with very mixed results. At first glance the high profile success stories don’t seem to follow much of a pattern: luxury cars, fast food, crisps and snacks, high priced spirits, coffee shops, supermarkets, among others. Less talked about is the fact that far more brands have failed to make inroads in the Chinese market, and have retreated with bruised balance sheets.”

“What draws the apparently disparate examples of success together (and tends to differentiate them from the failures) is a concerted effort on the part of the brand owner to understand their market, allied with a clinical, open-minded attitude to adapting and positioning their brand correctly for a Chinese audience. This report is about how this formula of market understanding and adaptation may be applied to the wine category, and why this approach is crucial to giving your wine brand the best chance of success in the Chinese market.”

“So how do you build a “meaningful”, “different” and “salient” wine brand that easily come into Chinese consumers’ minds? Just as in western markets, brand success starts with awareness and positive perception. A brand name that cannot be read or pronounced will leave you at an immediately disadvantage: It is essential to have a Chinese brand name that can help consumers recall or recognise your brand when they are faced with overwhelming variety of choices in a wine aisle. However, a Chinese brand name means more than just a name that consumers can understand. It needs to resonate when referred to on social media, to reassure and excite, and to be immediately recognisable on shelf.”



Rui Su
Research Manager



Chuan Zhou
Research Analyst



- A research project including an online research community and a survey was conducted in June 2014 in China to understand:
 - Consumers' wine drinking behaviour and relationship with imported grape-based wine
 - Decision hierarchy and purchasing process
 - Perceptions of different channels for buying imported wine
- Respondents answered a survey and be asked to join a platform (WeChat) where they interacted for 10 days and were asked to go to the shops where they normally buy wine, took pictures of the shop and wine aisle, chose the wine they would buy and explained why they made the choice they did
- Respondents were recruited from one of the China's largest online social-networking community Sina Weibo



- 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



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
 - In Vinitrac® China 2014, target respondents are aged between 18-54
- 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
- In Vinitrac® China 2014, upper-middle class is based on monthly income before tax more than 6,000 RMB in Beijing, Shanghai and Guangzhou, Shenzhen and Hangzhou, and more than 4,500 RMB in Wuhan, Chengdu, Shenyang 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



Research methodology

Secondary research methodology



- The secondary data in this report are from sources available to the public, including:
 - Government regulation documents
 - Corporate/company websites (importers, distributors, retailers, brands, etc.)
 - Trade publications and public available market reports
 - News
- Data are also quoted from Wine Intelligence's China reports:
 - China Landscapes 2014
 - China Internet and Social Media 2014
 - China Label Design 2012



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