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BEGINS

Strong, defined wine brands may work better in China, according to new report

Foreign wine brands that define their target market carefully and invest strongly in marketing efforts have a much better chance of capturing the loyalty of adventurous but information-poor Chinese wine drinkers, according to two new reports published about the Chinese wine market by Wine Intelligence.

Low awareness of wines beyond France and China is currently holding back the development of the wine market, and some traditional brand-building methods may be appropriate for encouraging consumers to broaden their repertoires. According to the **China Wine Market Landscape** report, a detailed guide to the Chinese market, over a third of upper middle class imported wine drinkers are unaware that Australia produces wine, while nearly two thirds have never heard of Napa Valley.

“The low levels of awareness are a barrier to purchase for consumers, who may be reluctant to spend the money that imported wine generally requires in China,” says Jenny Li, Senior Research Analyst at Wine Intelligence and the author of the reports.

“However, brand owners should also see the limited but emerging knowledge as an opportunity to shape your brand positioning among Chinese consumers. Chinese consumers tend to have quite distinct preferences, and are very comfortable with the idea of attaching themselves to a particular brand.”

Brand owners looking to establish themselves in China face fierce competition and a complicated distribution system, in which established importers hold a great deal of power. The practical market entry guide, **“Doing Business in China”**, offers pertinent examples of how brands can succeed: for instance, feedback from the trade interviews for the report highlights the importance of tailoring China development strategies to particular brand needs and desired investment.

According to Li, “The tax structure means that most imported wine brands can only compete at more premium price points, and to succeed they need to understand their positioning in the market and communicate to the consumer why this wine is worth the higher investment. If they succeed with this, the rewards are significant.”

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How the data was collected:

Quantitative research: Vinitrac® China Mar'11, n=1,011 upper middle class imported wine drinkers

Qualitative research: online open-ended survey with mainland Chinese drinkers of imported wine, February 2011

For full details on the methodologies used in Wine Intelligence research, please contact natasha@wineintelligence.com

About Wine Intelligence

Wine Intelligence is the leading research-led strategy consultancy serving the global wine industry. It conducts client-specific research projects to enable companies to gain greater insights into wine markets and wine consumers, and helps business leaders develop business strategy and marketing plans. The company also assists businesses in developing new brands, and in formulating and communicating marketing messages within the industry. For more information, please visit www.wineintelligence.com.

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