

MARKET EXPERTS



Richard Halstead
Chief Operating Officer



Jenny Li
Senior Research Analyst



Maria Troein
Project Executive



Rui Sui
Research Analyst



Language Matters

Offering a toast: **GANBEI**

While *ganbei* literally means “dry cup” and is the

“We want to know about China” is the demand echoing around many boardroom tables in the global wine industry – and Wine Intelligence is delighted to oblige.

The growing number of Chinese nationals (plus assorted polyglots) at Wine Intelligence have instituted a series of “Market Watch” e-letters to help keep you up-to-date with developments in China from our latest consumer, trade and cultural research. We plan similar treatment for the USA and Australia; all part of our quest to bring you the most relevant insights on the markets you care about.

Xièxie (thanks in Mandarin!)

Where's the wine in Wuhan?

Maria Troein reports on one retailer ambitions for wine in Hubei province

I recently returned to Wuhan: a Tier 2 city in central China where I lived until nearly a year ago, and one of the wine drinking populations we study at Wine Intelligence. I was eager to see how the wine scene was evolving in China outside of the more cosmopolitan wine hubs of Shanghai and Beijing. Conversations with shop owners made it clear that there is money to be earned selling wine, although for most people outside the Tier 1 Chinese cities, wine is still a relatively niche product, filling a narrowly defined cultural need.

En route to Wuhan, I passed through Shanghai, where I was struck with the large number of small wine shops and trendy wine bars that had popped up since my last stay. A small shop in the swish French Concession area advertised an evening of wine and tunes, boasting large stylish displays of imported wines. In Wuhan, my former local wine shop is a shop bearing the words “Lafite Yellow Tail Petrus” above the door, whose flagship brand was an Australian wine called Happy Roo. The owner had started the shop because of a personal interest in wine, but the level of knowledge between this shop and the best shops in the French Concession was worlds apart.



While in Shanghai there's an emerging group of wine enthusiasts seeking out wine education courses, in Wuhan shop owners said that most of their customers are still buying wine as gifts. “No one actually drinks wine” says one Wuhan shop owner.

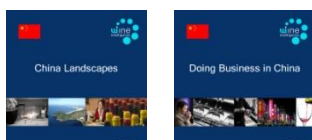
In one high-end shop in Wuhan that sells wine, baijiu, tea and cigarettes, the typical client is a government official or businessman buying wine either to give as a gift or serve to friends and business contacts over dinner, in both occasions as a way to show respect and consideration to the person receiving the wine – with expensive Bordeaux being the wine of choice.

Chinese equivalent to “bottoms up”, take this instruction with a grain of salt.

Traditionally polite consumption involved emptying one’s glass while offering or receiving a toast, but a night filled with ganbei can take its toll, and when fine wine is involved many have today begun to adopt the practice of instead drinking their wine in sips.

Ganbei at your own peril.

CHINA REPORTS



[China Landscapes](#)
(June 2011)

[Doing Business in China](#)
(May 2011)

[China Internet & Social Media](#)
(coming soon, Sep. 2011)

Other emerging market reports:

[Brazil](#)
[Russia](#)
[South Korea](#)

The aim of more ambitious retailers in Wuhan is to cultivate the type of consumer group that’s nurturing the burgeoning wine scene in a Tier 1 city like Shanghai. The consensus is that the key is education – starting with the basics. One distributor I talked to organises “education” seminars in smaller cities in Hubei province, to teach customers how to drink wine, including how to hold their glass. A shop owner in Wuhan considered opening a shop with tea sold on the first floor and a wine shop and tasting space on the second floor, with a space for regular seminars and tasting classes. The hope is that with the help of consumer education, Wuhan’s wine market will begin to look more like that of Shanghai. I look forward to tracking this behaviour through Wine Intelligence and on future trips.

Maria Troein, Project Executive

A toast to health

ATTITUDES TOWARDS WINE



% of who agree or strongly agree with the following statements

Base = All Chinese upper middle class imported wine drinkers (n=1,011)

Source: Wine Intelligence, Vinitrac® China, March 2011, n=1,011 Chinese upper middle class imported wine drinkers

"Drinking grape-based wine is good for my health" finds almost universal agreement among Chinese imported wine drinkers, according to Wine Intelligence research*. The health benefits of wine are almost universally accepted by Chinese wine drinkers, and for some, it's the main reason for why they drink. Indeed it's not uncommon to meet people in their 40s and 60s, especially women, who have a glass of wine every night before bed, and who urge their children (who are in their 20s or 30s) to do the same. Often domestic wine will serve the same purpose – it's generally seen as just as healthy as imported wine: the brands are familiar, and the information on packaging is easy to understand. However, we predict that as wine consumption frequency increases, concerns over the potentially damaging effects may become more prominent in consumers' minds. We will be watching how perceptions of wine health benefits evolve over time, and what impact that has on who drinks wine and why they drink it.

Rui Su, Research Analyst

*Source: Vinitrac® China, Mar'11, n=1,011 Chinese upper middle class imported wine drinkers in Beijing, Shanghai, Guangzhou and Wuhan

MARKET SUCCESS POINTERS

“Invest in high-quality packaging and culturally-attuned labels”

Why?

- Gifting wine is very important to Chinese consumers, so they are

looking for impressive packaging: almost all imported wine drinkers give imported wine as a gift, according to our research*. Over half of wine consumption in China is associated with two main celebrations: Chinese New Year and the Mid-Autumn celebrations** – two periods that see huge spikes in sales because of the prevalence of giving wine as a gift.

- Chinese consumers need names which translate into Chinese and that are easy to pronounce. There is nothing worse than being caught out wanting to order a bottle of wine but not knowing how to say the name, particularly in Chinese culture, with its emphasis on keeping ones pride and saving face.

My proof

Lafite is a winner in the Chinese market partly because it's easier for Chinese consumers to pronounce, while Chateau Mouton-Rothschild has hit a bull's eye by using Chinese characters on packaging. Chateau Beycheville had proved a hit with consumer by including a boat on its label which symbolises a good voyage and a healthy future.

Jenny Li, Senior Research Analyst

*Source: Vinitrac® China, Mar'11, n=1,011 Chinese upper middle class imported wine drinkers in Beijing, Shanghai, Guangzhou and Wuhan

**Rabobank: WFA Outlook Conference, October 2010

MARKET WATCH CHINA IS PART OF A SERIES OF MARKET-SPECIFIC NEWSLETTERS

[Please click here to select your markets of interest](#)

www.wineintelligence.com | info@wineintelligence.com | T +44 (0)20 7378 1277