
CHINA LANDSCAPES

June 2018 Report

The logo for Wine Intelligence, featuring the word "wine" in a lowercase, sans-serif font with a white dot above the "i", and the word "intelligence" in a smaller, lowercase, sans-serif font below it. The logo is set against a light blue circular background.

wine
intelligence

China Landscapes 2018

Report overview



Report price:

GBP 2,500
USD 3,500
AUD 4,500
EUR 3,000

5
report
credits

The China Landscapes 2018 report includes:

- Report with the latest information regarding the Chinese wine market, supported by:
 - Wine Intelligence Vinitrac
 - Wine Intelligence market experience
 - Secondary sources
 - Trade interviews
- User-friendly data table with all the measures from Vinitrac® China showing significances, cross tabbed with:
 - All Chinese urban upper-middle class imported wine drinkers in 2018
 - Gender groups
 - Age groups
 - Key cities for imported wine consumption
- Tracking data 2015-2017-2018

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Choice cues			

1. THE VOLUME OF IMPORTED WINE CONSUMED IN CHINA CONTINUES TO GROW

- The volume of imported still wine consumed in China continues to grow at a double-digit rate, and now accounts for almost 40% of the total still wine volume sold in China

2. LAFITE, [YELLOW TAIL] AND PENFOLDS ARE THE MOST POWERFUL IMPORTED WINE BRANDS IN CHINA

- Based on a combination of consumer reported brand health measures, Lafite, [yellow tail] and Penfolds have the highest Brand Power scores among all the imported wine brands tested
- [yellow tail] is the only brand that has improved significantly on all the brand health measures since 2015
- Penfolds has the highest “connection” index among all brands tested, reflecting the fact that it has the highest affinity rating of all brands in China and the second highest recommendation level

3. SUPPLY CHAINS ARE EXPLORING NEW DISTRIBUTION AND SALES MODELS TO ACCOMMODATE THE EXPANDING, YET INCREASINGLY FRAGMENTED, MARKET

- Some imported wine brand owners have started moving away from previous distribution strategy where one large importer is solely responsible for nationwide distribution of wine, to a more regional focused network with multiple regional distributors
- Further development of DTC (Direct-to-Consumer) channels, mainly through cross-border e-commerce, which allows Chinese consumers to shop online globally and purchase wines that may be unavailable or prohibitively expensive in China

4. ONLINE RETAILERS INCREASINGLY FOCUSING ON SELLING PREMIUM AND FINE WINES TO INCREASE PROFIT MARGIN AND SEEK DIFFERENTIATION

- The online channel has historically been associated with lower priced, value wines, leading to aggressive pricing strategies. Due to the increased competition for entry-level wines, larger e-commerce platforms (e.g. JD, Tmall) are moving towards premium and fine wines, in order to increase profit margin and seek differentiation

5. THERE MAY BE OPPORTUNITY FOR LOWER-ALCOHOL GRAPE-BASED WINE AMONG NEW DRINKERS, WHO PREFER THE TASTE OF LIGHTER STYLES OF WINE

- Most lower-alcohol grape-based wines consumed in China are lighter, sweeter styles of sparkling, and remains a minority category
- Although newer drinkers prefer the taste of lighter, lower-alcohol wine, alcohol level is still not a key driver of wine choice with consumers not actively looking for lower-alcohol grape-based wine

6. THE OPPORTUNITY FOR ORGANIC WINE IS LIMITED IN CHINA

- Food certification and assessments in China are different from other countries, with the three most common certificates being *Pollution-Free Food*, *Green Food* and *Organic Food*
- A lack of consumer demand, coupled with complex certification process, makes the return on investment potential currently marginal for organic wine in China

- Vinitrac[®] data for this study were collected in March 2015 (n=1,119), March 2017 (n=1,000) and March 2018 (n=1,000)
- Data was gathered via Wine Intelligence's Vinitrac[®] online survey
- The respondents in both waves meet the following requirements:
 - Urban upper-middle class: personal monthly income before tax at least 6,000 RMB in Beijing, Guangzhou, Shanghai, Hangzhou and Shenzhen; or 5,000 RMB in Wuhan, Chengdu, Shenyang, Chongqing, Changsha, Zhengzhou and Guiyang
 - 18-54 years old
 - Residents of Beijing, Guangzhou, Shanghai, Wuhan, Chengdu, Shenyang, Hangzhou, Shenzhen, Chongqing, Changsha, Zhengzhou and Guiyang
 - 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

How does Vinitrac[®] work?

1) Defining the right samples:

- Wine Intelligence, with the support of global research companies (e.g. TNS, YouGov), regularly runs calibration studies in each market in order to define demographic specifications of the wine consumers and the size of the market (i.e. penetration of wine consumption)

2) Running the online survey:

- Invitations to participate in an online survey programmed by Wine Intelligence are then distributed to residents in each market
- Respondents are directed to a URL address, which provides access to the online survey
- Based on given criteria (e.g. age, beverage, frequency of wine consumption) respondents will either proceed or screen out of the survey
- Wine Intelligence monitors completed responses to build samples representative of the target markets' wine drinking population based on the most recent calibration study

3) Cleaning the data:

- When a representative sample is logged, the survey is closed
- Wine Intelligence will then clean out all invalid data points (e.g. those who sped through the survey or gave inconsistent answers to selected questions) and weight the data in order to ensure representability



Trade interview methodology

- Trade Interviews were conducted with five experienced industry professionals in the Chinese wine trade in June 2018
- Interviews followed a pre-determined discussion guide, and covered overall market trends, opportunities for different wine styles, retail channels and pricing
- The five interviewees were members of the wine trade working in different roles:
 - 2 x imported wine brand manager
 - 1 x wine importer / retailer
 - 2 x wine educator / consultant

REPORT PRICE: • AUD 4,500 • GBP 2,500 • USD 3,500 • EUR 3,000 • 5 Report Credits

Format: 90-page PowerPoint (PDF) and Excel data table

Purchase online: <http://www.wineintelligence.com/product-category/report-type/wine-landscape-reports/>

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