WINE INTELLIGENCE

CHINA WINE LANDSCAPES 2020

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REPORT BROCHURE

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CONTENTS

05 **Introduction**
Management summary

16 **Overview of the Chinese wine market**
Market Classification
Imported vs. domestic still wine
Imported sparkling wine
Per capita consumption of still light wine

22 **Overview of Chinese wine consumers**
Demographics
Wine consumption frequency
Wine attitudes and involvement
Wine drinking motivations and barriers
Confidence and knowledge index

32 **Repertoire**
Alcoholic beverage repertoire
Varietal consumption
Origin awareness and purchase

42 **Wine-buying behaviors**
Wine-buying channel usage
Wine-buying retailer usage
Wine-buying choice cues

48 **Wine consumption behaviors**
Off-trade: wine consumption frequency by occasion
Off-trade: spend on wine by occasion
On-trade: wine consumption frequency by occasion
On-trade: spend on wine by occasion

53 **Brand health**
Brand power
Brand awareness, purchase, purchase conversion, consideration, affinity, and recommendation

68 **COVID-19 Update**
Wine consumption frequency
Category switching
Off-trade wine consumption frequency – change
Off-trade spend on wine by occasion - change
On-trade wine consumption frequency – change
On-trade spend on wine by occasion - change

81 **Lifestyle behavior changes**
Change in lifestyle behavior anticipated after virus
Future priorities – After the pandemic

87 **Research methodology**
Quantitative
Qualitative

INTRODUCTION

For the past 10 years, China has been a hot topic of conversation in the wine world. Wine Intelligence published its first China Landscapes report in 2010, and ever since we have monitored the transformation and growth of the most exciting developing wine market on the planet.

Ten years on, the Chinese wine market is digesting two major crises. The most obvious is, of course, the fallout from the coronavirus pandemic, and its negative impact on the on-trade channel. The second crisis is the slowing of the Chinese economy after nearly three decades of unprecedented growth, which has been accelerated by the impact of the virus.

Today, China's wine consumers are more thoughtful, educated, and less likely to buy product that is overpriced and poor quality. They also benefit from a highly competitive and fast-evolving online sales channel for wine, which has had an extra boost as a result of coronavirus restrictions. Online retail has enabled consumers to shop around for good prices and has kept retailers honest in terms of the quality and reliability of the products they sell.

The other big change over the past five years – also arguably fostered by the growth of e-commerce in wine – is the growing importance of high profile and mainstream brands in the market. Evidence from the China Landscapes report suggests that the larger brands with a clear and distinctive quality and reliability message are making ground as the market matures and consumers become more quality conscious.

Which brings us to the future. Our conversations with the supply chain in China suggest that most players are expecting significant volume declines this year as the twin impacts of virus lockdowns and economic slowdowns take hold. E-commerce will continue to make advances, building on its fundamental attributes of convenience, price and quality transparency, and stickiness in terms of consumer relationship management. The on-trade will suffer the most and the longest, as consumers show deep and lasting reluctance to go back to restaurants, particularly for the large celebrations that are often accompanied by expensive wine purchases. It will eventually come back, but most likely in the form of more casual dining experiences.

The next 10 years will see mainstream wines start to dominate as excess becomes unfashionable, while niche products such as organic wines, rose, sweeter whites and sparkling wines will all grow, albeit from low bases. These and other specialty products can thrive in a world of online discovery and trend-seeking.

RESEARCH METHODOLOGY: QUANTITATIVE

The data for this survey was collected in China in March 2015, March 2017 and March 2020

Data was gathered via Wine Intelligence's Vinitrac® online survey

The respondents in both waves met 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 data is representative of Chinese urban upper-middle class imported wine drinkers in terms of gender, age, city income and imported wine consumption frequency

The distribution of the sample is shown in the table

		Mar-15	Mar-17	*Mar-20*
	n=	*1,119*	*1,000*	*1,002*
Gender	Male	53%	51%	53%
	Female	47%	49%	47%
	Total	***100%***	***100%***	***100%***
Age	18-29	41%	37%	31%
	30-39	28%	30%	33%
	40-54	31%	33%	36%
	Total	***100%***	***100%***	***100%***
City	Shanghai, Hangzhou	25%	25%	25%
	Beijing	18%	13%	17%
	Shenyang, Zhengzhou	9%	8%	9%
	Guangzhou, Shenzhen	20%	18%	19%
	Changsha, Wuhan	10%	9%	7%
	Chengdu, Guiyang	8%	12%	12%
	Chongqing	10%	15%	11%
	Total	***100%***	***100%***	***100%***
Income	Less than 9,000 RMB	n/a	n/a	27%
	9,000-11,999 RMB	n/a	n/a	34%
	12,000+ RMB	n/a	n/a	39%
	Total	***100%***	***100%***	***100%***
Imported wine consumption frequency	2-5 times per year	17%	16%	15%
	About once every two months	23%	21%	24%
	1-3 times per month	37%	38%	38%
	Once a week or more often	23%	24%	23%
	Total	***100%***	***100%***	***100%***

Wine Intelligence, Vinitrac® China, March 2015 (n=1,119), March 2017 (n=1,000) and March 2020 (n=1,002) Chinese urban upper-middle class semi-annual imported wine drinkers

RESEARCH METHODOLOGY: COVID-19 QUANTITATIVE

The data for this report was collected in China in March 2019, October 2019, and March 2020

Data was gathered via Wine Intelligence's Vinitrac® online survey

The respondents in both waves met 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 data is representative of Chinese urban upper-middle class imported grape-based wine drinkers in terms of gender, age, city, income and imported wine consumption frequency

The distribution of the sample is shown in the table

		Mar-19	*Oct-19*	*Mar-20*
	n=	*2000*	*1558*	*1000*
Gender	Male	53%	53%	53%
	Female	47%	47%	47%
	Total	*100%*	*100%*	*100%*
Age	18-29	34%	31%	31%
	30-39	29%	33%	33%
	40-54	37%	36%	36%
	Total	*100%*	*100%*	*100%*
City	Shanghai, Hangzhou	20%	25%	25%
	Beijing	17%	17%	17%
	Shenyang, Zhengzhou	10%	9%	9%
	Guangzhou, Shenzhen	18%	19%	19%
	Changsha, Wuhan	8%	7%	7%
	Chengdu, Guiyang	12%	12%	12%
	Chongqing	15%	11%	11%
	Total	*100%*	*100%*	*100%*
Income	Less than 9,000 RMB	32%	27%	27%
	9,000-11,999 RMB	33%	34%	34%
	12,000+ RMB	35%	39%	39%
	Total	*100%*	*100%*	*100%*
Imported wine consumption frequency	2-5 times per year	15%	14%	15%
	About once every two months	24%	23%	24%
	1-3 times per month	38%	39%	38%
	Once a week or more often	23%	24%	23%
	Total	*100%*	*100%*	*100%*

Wine Intelligence Vinitrac® China, Oct '19, Mar '20 (27th March 2020 – 14th April 2020) (n≥1,000) Chinese urban upper-middle class imported grape-based wine drinkers

RESEARCH METHODOLOGY: QUALITITATIVE

TRADE INTERVIEWEES

Trade Interviews were conducted with seven experienced industry professionals in the Chinese wine trade in 2020

Interviews followed a pre-determined discussion guide, and covered overall market trends, opportunities for different wine styles, retail channels and pricing

The seven interviewees were members of the wine trade working in different roles:

2 x Wine Importer

1 x Wine Distributor

1 x Wine Educator

1 x On-trade professional

2 x Wine Retailer

RESEARCH METHODOLOGY: CORONAVIRUS

In Wine Intelligence's March 2020 Vinitrac® survey, data was gathered to try to determine how Chinese wine drinkers were reacting to the Coronavirus pandemic and associated restrictions on their everyday lives. It was collected between the 27th March and 14th April. To collect pre- and post-lockdown data in the midst of COVID-19, the survey contained two sets of questions for measures such as wine consumption frequency and on- and off-trade consumption frequency and spend.

The first question for each measure specified for respondents to assess their **normal habits** under **normal circumstances**, before any recent changes due to the impacts of coronavirus. This question was used to represent "pre-virus behaviour".

The second question asked respondents to think about their **very recent behaviour,** so how they were behaving at the time of taking the survey (end of March to mid-April 2020), as a result of the current impacts of coronavirus. This question explores "lockdown behaviour" in the market.

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Wine Intelligence London (Head Office)

109 Maltings Place
169 Tower Bridge Road
London
SE1 3LJ

Telephone: +44 (0)20 8194 0090
Email: info@wineintelligence.com
Website: www.wineintelligence.com
Follow us: