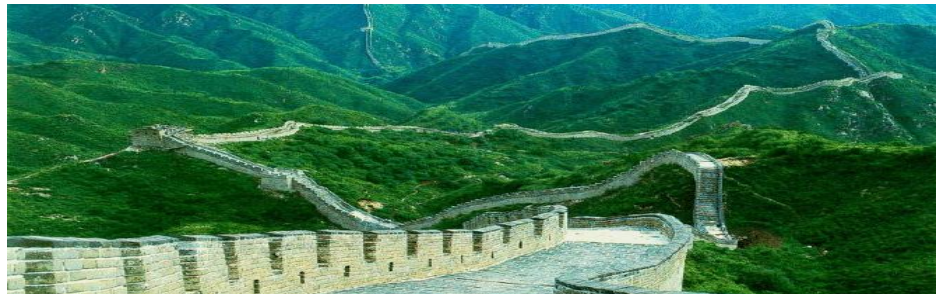


## SPECIAL STUDY

# CONQUERING CHINA'S WINE MARKET: OUR PRODUCERS TESTIFY



## Key Highlights

***The Chinese wine market is the fastest growing in the world in terms of consumption per capita***

**6 Trillion Litres**  
Projected wine sales in China by 2015

## SPECIAL STUDY CONQUERING CHINA'S WINE MARKET: GLOBAL WINE & SPIRITS' PRODUCERS TESTIFY

By Marie-Claude Veillette, Global Wine & Spirits

With a burgeoning middle-class, the demand for wine in China has been on the rise over the last decade and producers the world over are champing at the bit to get a piece of the action. And no wonder; the Chinese market is growing at an exponential rate with the country now the fifth largest global consumer of wine, surpassing the United Kingdom, and trailing just behind the United States, Italy, France and Germany. But with all of the buzz, what concrete strategies are producers successfully employing for importing and selling their wines in China?

"It's a big market; it's a difficult market. You need a good knowledge of export processes or to deal with people who have international export experience," advises [Christian Boissonneau](#), a Bordeaux producer who has been active on the Chinese market for the last ten years.

Bordeaux producer [Stéphane Quien](#) advises proceeding with caution and performing your due diligence when it comes to the Chinese market: "It is very difficult to know who you're dealing with. You always have to be vigilant and recognize scams." With the allure of quick money and profit, Quien has seen some act as importers in China, when in fact they are not at all qualified. Wanting to avoid falling into this trap, the young producer obtained trustworthy references from *Global Wine & Spirits*. After exchanging emails and a few conclusive phone calls, he went to China to meet the man who would become his importer.

"Finding the right importer is sometimes a stroke of luck," says [Damien Sohler](#), who met a Franco-Chinese importer at *Vinexpo* in Bordeaux in 2005. Two years later, he was sending his first full container of wine on foreign soil.

## 6.7 Litres

Anticipated consumption per capita in Hong Kong in 2015, an increase from the current 4.6 l

## 1.5 Trillion Bottles

Wine consumption in China in 2011, of which 90% were red

Even though the Chinese generally prefer red wine, the Alsatian white wine producer has no problems seducing the finest palates. In fact, he flies to China twice a year to meet distributors. "Education is imperative," he says.

Like Sohler, Boissonneau travels to China a couple of weeks every year to meet with importers and distributors and share information. "It's one of the key elements for success. We take time to visit the distributors directly; we discuss with them, we teach them how to drink the wine, and we show them that the wines they are buying come directly from a French producer."

[Bruno Delannoy](#), a cognac and brandy producer is very familiar with the Chinese market. The products from his distillery have been distributed in southern China since 1997. Unlike other producers, Delannoy negotiates directly with various regional distributors, who, according to him "know their respective markets." As he doesn't deal with an importer, he does business with a forwarding agent who takes care of the customs clearance procedures. "It's less expensive. The percentage required by the forwarding agent is less than the margin demanded by the importer."

## Types of Wines Selling in China

Chinese importers will always ask for volume pricing. "Chinese people may not have a great knowledge of wine, but they have business acumen," indicates Boissonneau.

Even though the market is open to wines with different price ranges, premium wines are the most popular. "The Chinese consumer who buys wine buys a lifestyle associated with French fashion and luxury. The taste isn't actually that important," he says.

France holds the largest part of the market share for imported bottled wines, and this is the market most known by Chinese consumers in terms of wine production. This said, Australian wine producers have been occupying a larger piece of the market over the last few years and imports of Australian wines into China are expected to continue to grow.

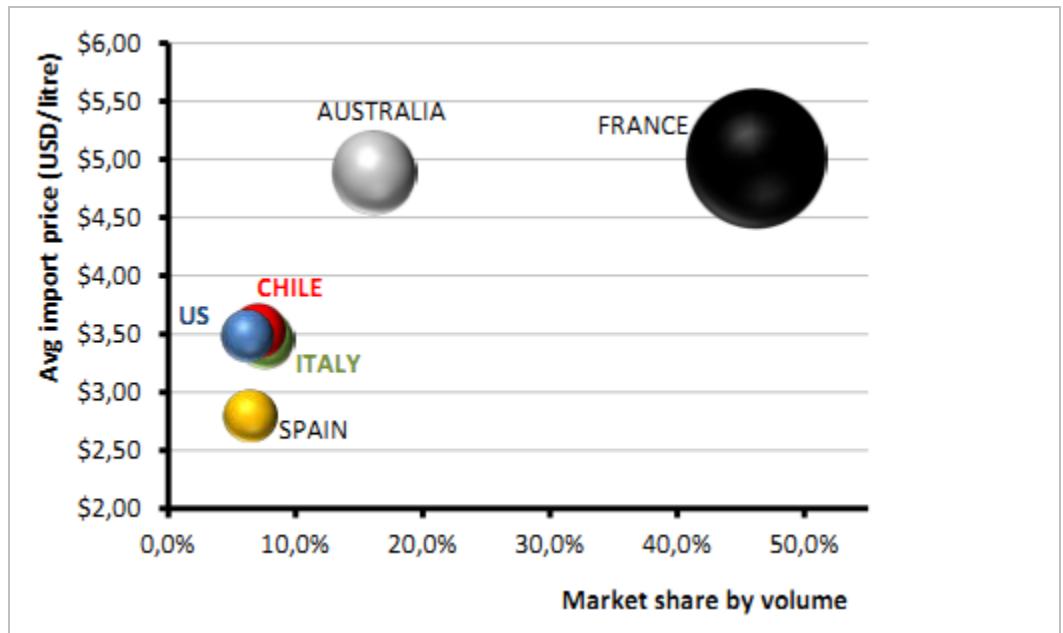
**40%**

Market share for bottled French wine amongst all imports

**17 Million Cases**

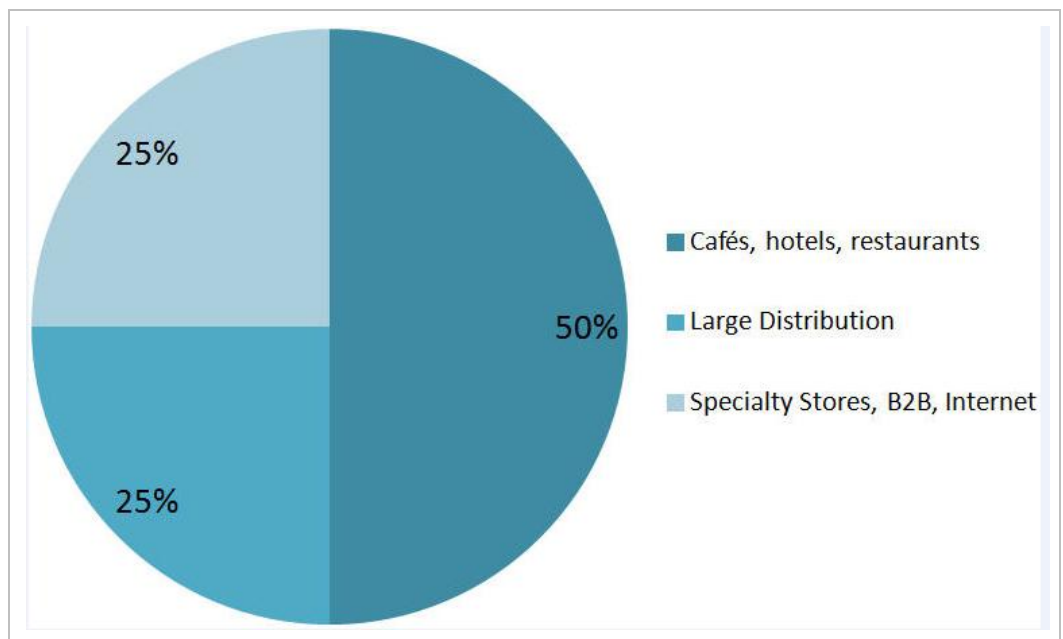
Expected number of cases of French wine to be imported in 2013, an increase of 16%

Chinese Wine Imports by Country, 2010



Sources: Rabobank Wine Quarterly 2011 | China Customs, 2011

Distribution of Wine Imports in China



**90%**

Percentage of wine consumed in China that is produced locally – imported wines account only for 10%

**90%**

Percentage of total sales of still wine, followed by fortified wine (4%) and sparkling wine (2%)

**Wine Imports in China: Profiles by Country**

The following table shows the top 10 most popular countries for imported wines sold in China and compares the percentage of respondents who know that specific country produces wine with the percentage of respondents who claim that wine from that country is their favourite. The survey represents 1,001 respondents.

Country	% who are aware that the country makes grape-based wine	% who choose country as their favourite grape-based wine producer
1. France	94%	58%
2. China	88%	11%
3. Italy	65%	4%
4. Australia	63%	5%
5. Spain	51%	1%
6. Chile	50%	9%
7. New Zealand	45%	2%
8. Portugal	45%	2%
9. Germany	45%	1%
10. Argentina	40%	1%
11. Other	-	6%

Source : Wine Intelligence Vinitrac, China, Nov. 2011

Traditionally, the Chinese don't drink wine. The consumption per capita remains modest with an average of 1.15 litres per year. Although pure alcohol white liquor, called "baijiu" remains the most popular alcohol consumed in China, wines and other spirits are gaining in popularity. They are mostly purchased and consumed during the two major Chinese festivals: The Moon Festival (mid-Autumn) and the Chinese New Year (January/February).

China is still, as of yet, unfamiliar with the wine market in general – many Chinese do not even realize that Italy, Australia or Spain even produce wine and a majority don't know the same for Chile, New Zealand, Portugal, Germany and Argentina. With China emerging as the world's largest growing market of wine per capita, there is still much room for producers to educate consumers and market their wines in a virtually untapped market.

## 13%

Minimum expected percentage of growth for whisky, rum, tequila & cognac/Armagnac sales by 2015

## \$5 and up

Average price per bottle of wine in Asia

## Pitfalls to Avoid

“Be wary of promises. In China, there are often more promises than purchases. Be wary of people who are asking you to go see them because they say they want to buy quickly. To avoid difficulties, it’s better to remain vigilant,” indicates Boissonneau.

“It is better not to arrive in China as if it were conquered territory. We have to listen to the client and be flexible,” argues Delannoy, who has not hesitated to change the look of their product labels to suit customer tastes. Chinese customers are very fond of gilding, red, embossing and engraving bottles.

Sohler, for his part, advises requiring upfront payment. Boissonneau concurs: “It’s a known fact in the wine industry. China importers are used to it.”

“Because English is the universal language of business, you have to have a good grasp of it,” points out Quien. If the language barrier is still an obstacle, it is always possible to hire a translator of your choice. “Do not let the importer choose a translator for you. For your own protection, hire one yourself,” concludes Boissonneau.

## A Few Practical Tips

Conquering the Chinese wine market requires a fair investment of both time and money.

“You will have to think about scheduling at least two trips a year to China and setting aside a budget accordingly. You can save a lot by booking your trips in advance,” says Sohler. Promotional and marketing materials are also important. Sohler has translated his website into Mandarin and produced a brochure for prospective clients, also in Mandarin, with information about Alsace, his vineyard and his wines.

Since it is difficult to promote products via Chinese social media (all in Mandarin – Renren, Weibo, Youku Taobao), some producers send out email newsletters. Boissonneau, for his part, hired a Chinese student to translate his newsletter to Chinese.

One last tip: be persistent. “Don’t hesitate to make a lot of phone calls in order to establish communication,” points out Quien, who has been experimenting with the Chinese market considering this challenge as a “bonus.” He says that China will never become his main market, but if one day his exports there reached 30% of total sales, he would be delighted!



*With a an international team on hand and offices in both North America and China, Global Wine & Spirits has helped hundreds of independent wine producers to kick off and develop their export activities. Global Wine & Spirits is a joint venture between [Mediagrif Interactive Technologies](#) and the [Société des alcools du Québec \(SAQ\)](#).*

Contact GWS for more information.

+800-2559-4630 (international) | 1-866-255-9463 (North America)

[info@globalwinespirits.com](mailto:info@globalwinespirits.com) | [www.globalwinespirits.com](http://www.globalwinespirits.com)