China Wine Barometer – Wave 6

INTERIM REPORT to
WINE AUSTRALIA

Project Number: **USA-1202**

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Research Organisation: **Ehrenberg-Bass Institute for Marketing Science – UniSA**

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Executive summary (1/2)

1. China continues to mature as a wine market with more competition between countries, regions, and grape varieties evident in decreasing awareness scores, and repeat purchase rates.
2. Australia does well as a country, but Australian wine regions and prominent Australian grape varieties still have low awareness.
3. A relaxing drink at home is still the prevalent occasion to consume wine off-premise, and home consumption is growing both for formal and informal occasions, while average price points have stabilised.
4. Wine from Australia and our leading varietal Shiraz have maintained penetration and repeat buying in retail over the past 3 years despite some volatility.
5. While French wine and Cabernet have increased penetration in China, buyers' loyalty to these styles are waning as their buying repertoires grow.

Executive summary (2/2)

6. Hypermarkets, specialised and online wine retailers have dominant penetration, but a further 10 channels have penetrations above 60% showing that there are many effective opportunities to reach buyers.
7. A decline in buying from hypermarkets and other large format retailers is evident, but growth apparent in more specialised, high-end retailers.
8. The majority of wine drinkers buy from the same channels; those who have changed channel preferences favour the most common channels and have reduced buying from small format retailers.
9. Number of people buying from online quite similar across sites, but a massive decline in buying from Alibaba's platforms evident.
10. Wine specialty stores and international hypermarkets/supermarkets have a more distinctive image than other types of retailers.

Research overview

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This research

This report presents the findings of the sixth wave of the Wine Australia funded project “**The China Wine Barometer (CWB): A look into the future**”.

Similarly to Wave 2 and 4 of the **CWB**, this wave focuses on the awareness, attitudes, and perceptions Chinese consumers have about wine and their specific attitudes and behaviours in brick and mortar stores, direct sales from distributors and online sectors.

The data was collected for the **CWB** in October 2015.

Who we surveyed (n=1004)

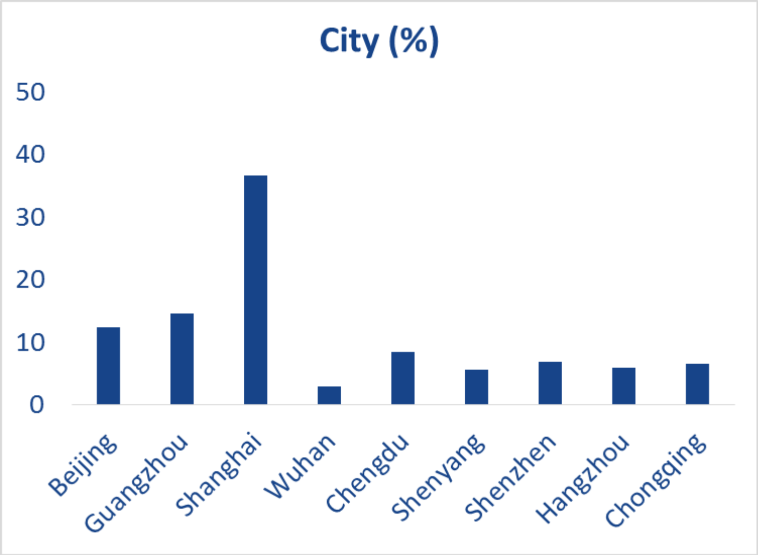
The sample obtained is socio-demographically representative in terms of age, gender and income of the upper-middle class urban population aged 18-49 living in Beijing, Shanghai, Guangzhou, Chengdu, Shenyang, Wuhan, Shenzhen, Hangzhou, and Chongqing who drink imported wine at least twice a year.

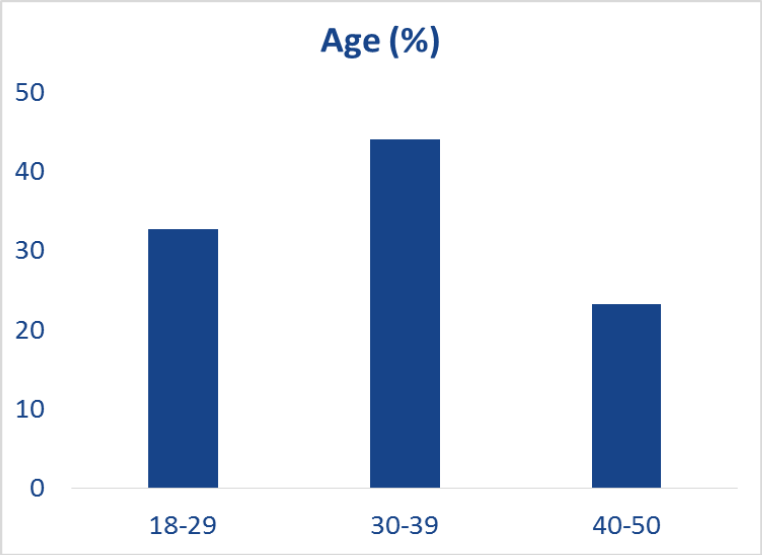
The respondents are characterised as follows:

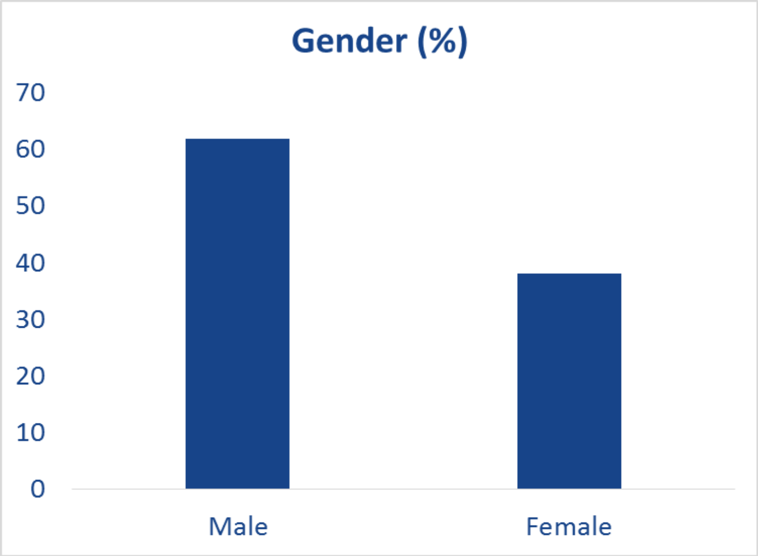
- **Cities**: 37% Shanghai, 15% Guangzhou, 12% Beijing
- **Gender**: Male 62% – Female 38%
- **Age:** 44% are 30-39
- **Income**: 63% > RMB 10,000 (~ AUD 1800) a month; 87% > RMB 7,000 (~ AUD 1300) a month
- **Academic degree**: ~ 80%
- **English speaking:** ~ 70%

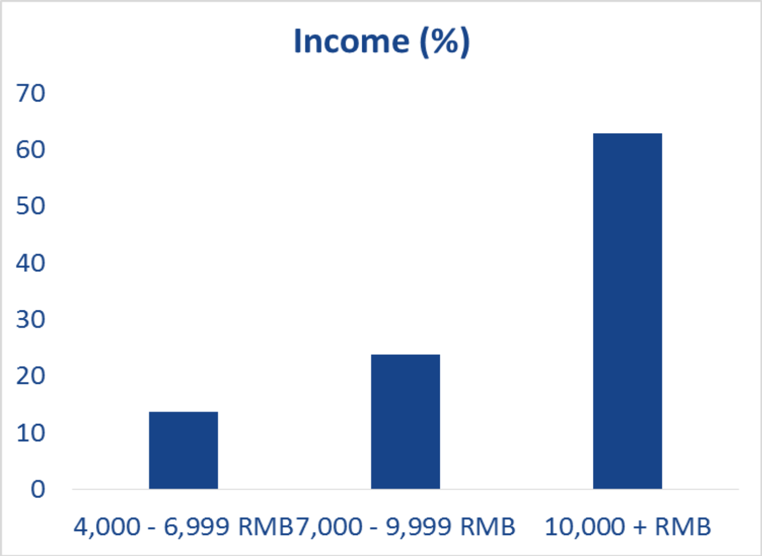
*As in Wave 3, 4, and 5 the **CWB** now covers a total of 9 cities in China*

Snapshot of sample









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Reporting approach

This report is provided in sections:

1. The **awareness levels** of wine and its associated attributes in China.
2. **Reported behaviour** of wine-buying by Chinese consumers.
3. The **attitudes** and **perceptions** Chinese consumers have about retailers in the brick and mortar, direct sales from distributors and the online sector.

Reporting is based on conventional market research techniques. Two methods, **Retrospective recall,** and **Pick-Any**, that have the potential to add further insight and are part of the Ehrenberg-Bass Institute tool kit, are applied and described in further detail in the following slides.

Methods

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Retrospective recall

This analysis provides measures of which product attributes (e.g., country of origin, region of origin, grape variety, price point, etc.) feature in the purchase decisions of consumers.

Two measures are calculated and presented:

- **Penetration**: % number of buyers of any given product attribute over the total number of shoppers. This measure is important, because increasing the number of buyers is the key to brand growth.
- **Repeat purchase rate**: % of buyers of product attribute *i* conditional on being a previous buyer of the same attribute *i*. This is a well-known measure of loyalty and suited for the data collected in this study.

Pick-Any method

A **Pick-Any** method measures the perceptions consumers have about different elements (types of retailers and online retailers, here) using selected representative attributes that are key decision dimensions. They can be interpreted and visualised in a number of formats in order to extract maximum insight from the data.

Respondents are required to assess the items within each attribute and indicate which, if any, type of retailer or online retailer they would associate with each item. There is no restriction on the number of associations that can be held per item and these can span multiple retailers or other dimensions.

The measure is a proxy for the mental networks consumers have related to the area measured (types of retailers and online retailers, here).

Results

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Awareness and consumption behaviour

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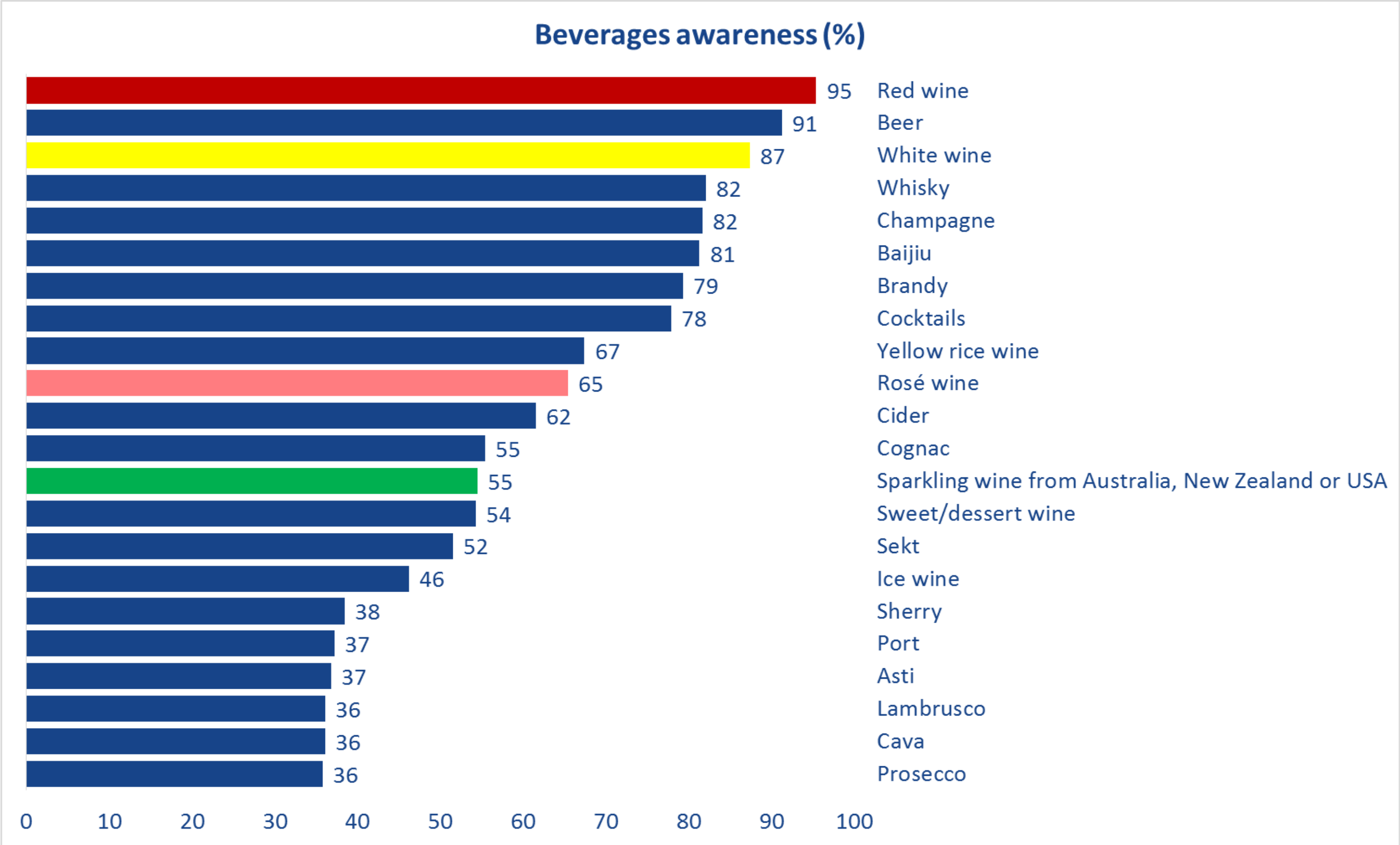
Awareness mostly unchanged indicative of entrenched knowledge among the sample of regular drinkers.



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Results have been interpreted in consideration of CWB Wave 5 results.

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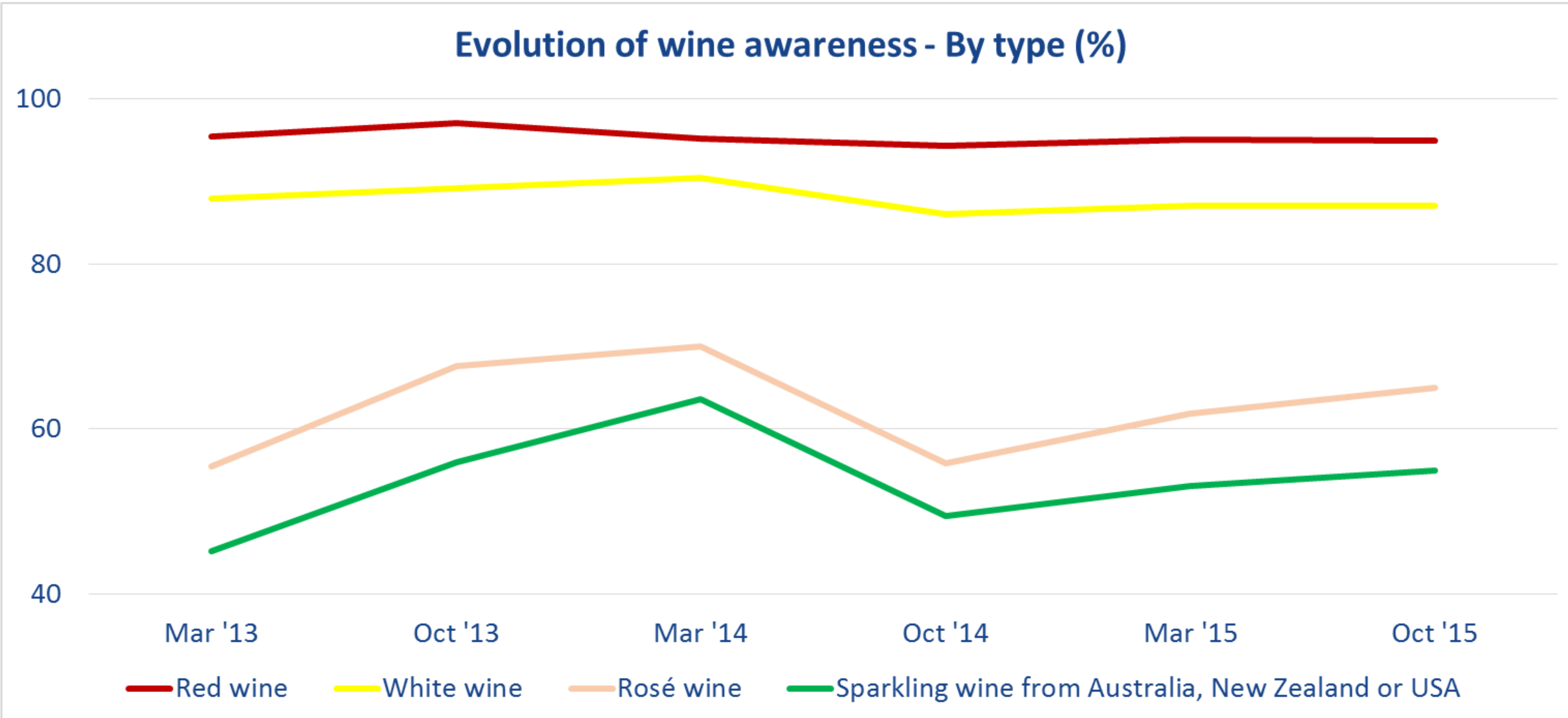
3 years of data show stability for red and white; austerity measures have had lasting impact on less-known styles.



Rosé and sparkling awareness have almost recovered to pre-austerity measures.

France continues to be dominant wine producing country in terms of awareness.

France	**93**
China	77
Australia	70
Italy	69

Bordeaux	**80**
Ningxia	79
Provence	65
Barossa Valley	45

Cab Sauv	**72**
Riesling	54
Sauv Blanc	46
Shiraz	32

< RMB 200	**54**
RMB 200-499	35
≥ RMB 500	11
(off-premise)	

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There are factors beyond the wine category that amplify awareness levels for country and region of origin. Despite white wine varieties being known, there is little evidence visible that they are commonly bought.

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Over 3 years, awareness decreasing due to increased range of wines available and fragmentation of media; effect is most apparent in smaller share countries.

Country awareness	Mar '13 %	Oct '13 %	Mar '14 %	Mar '15 %	Oct '15 %	Diff Oct '15/Mar '15 %	Diff Oct '15/Mar '13 %
France	97	98	93	90	93	+ 3	- 4
China	84	86	85	81	77	- 4	- 7
Italy	83	81	75	69	69	0	- 14
Australia	76	77	74	66	70	+ 4	- 6
Spain	74	72	65	58	57	- 1	- 17
New Zealand	62	64	58	52	50	- 2	- 12
Chile	60	59	54	51	53	+ 2	- 7
California	59	55	53	45	44	- 1	- 15

Data from October 2014 removed due to volatility suspected to be related to the impact of austerity measures.

3 year averages show promising growth for 'old world' at the expense of premium 'new world' regions due to increasing competition for mental awareness in China.

Region awareness	Mar '13 %	Oct '13 %	Mar '14 %	Mar '15 %	Oct '15 %	Diff Oct '15/Mar '15 %	Diff Oct '15/Mar '13 %
Bordeaux	87	83	76	85	80	- 5	- 7
Ningxia	na	80	80	83	79	- 4	na
Provence	59	65	64	70	65	- 5	+ 6
Sicily	47	52	58	62	62	0	+ 15
Burgundy	48	57	53	59	54	- 5	+ 6
Côtes du Rhône	52	55	51	59	59	0	+ 7
Médoc	41	48	47	54	46	- 8	+ 5
Loire	34	39	42	49	43	- 6	+ 9
Barossa Valley	54	46	44	48	45	- 3	- 9
Napa Valley	57	46	43	48	46	- 2	- 11

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Data from October 2014 removed due to volatility suspected to be related to the impact of austerity measures.

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3 year performance of Australian regions mixed. Evidence of successful tactics by Margaret River and Hunter Valley but a number of Australian regions in sharp decline.

Australian regions awareness	Mar '14 %	Mar '15 %	Oct '15 %	Diff Oct '15/Mar '15 %	Diff Oct '15/Mar '14 %
Barossa Valley	44	48	45	- 3	+ 1
Margaret River	41	46	46	0	+ 5
McLaren Vale	42	44	32	- 12	- 10
Yarra Valley	35	43	36	- 7	+ 1
Hunter Valley	35	41	40	- 1	+ 5
Clare Valley	na	40	35	- 5	na
Coonawarra	na	39	37	- 2	na
Mornington Peninsula	na	38	30	- 8	na
Langhorne Creek	na	32	25	- 7	na

Data from October 2014 removed due to volatility of impact of austerity measures.
% change time periods differ from pervious slide to allow for greater comparison of Australian regional performance. Most regions lack pre-austerity benchmark.

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Cabernet awareness has been dominant but decreasing as new varieties enter the market and threaten the varieties that have traditionally been physically available.

Grape variety awareness	Mar '13 %	Oct '13 %	Mar '14 %	Mar '15 %	Oct '15 %	Diff Oct '15/Mar '15 %	Diff Oct '15/Mar '13 %
Cabernet Sauvignon	83	82	72	72	72	0	- 9
Riesling	52	54	47	55	54	- 1	+ 2
Sauvignon Blanc	53	59	46	53	53	0	0
Pinot Noir	49	53	40	50	51	+ 1	+ 2
Merlot	50	51	38	46	43	- 3	- 7
Chardonnay	55	52	43	46	47	+ 1	- 8
Cabernet Franc	na	na	40	42	40	- 2	na
Pinot Blanc	na	na	40	45	41	- 4	na
Pinot Grigio/Pinot Gris	31	39	30	38	36	- 2	+ 5
Shiraz / Syrah	37	44	30	28	32	+ 4	- 5

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Data from October 2014 removed due to volatility suspected to be related to the impact of austerity measures.

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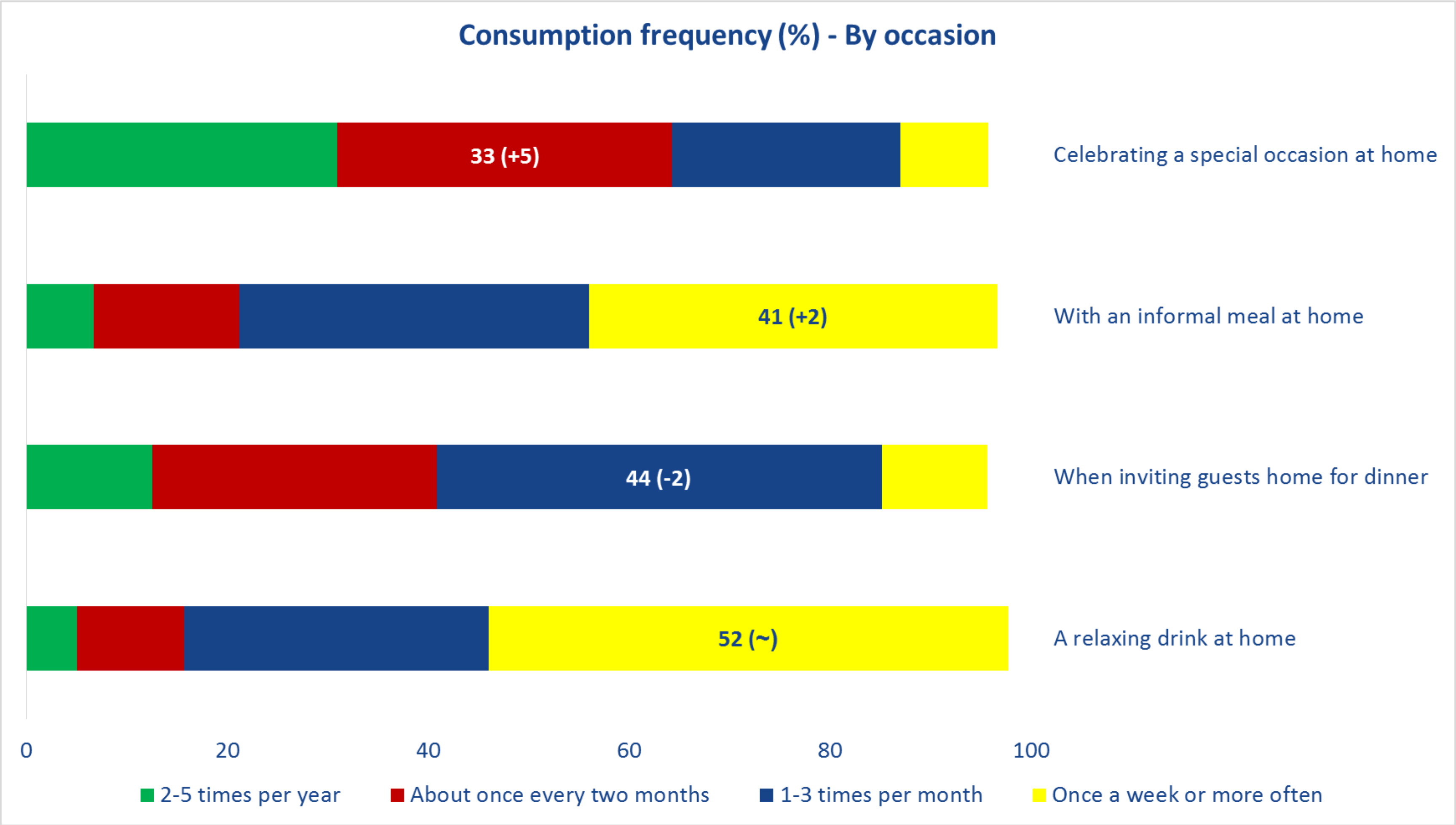
Home consumption of wine is increasing, with 'relaxing drink at home' and 'informal meal at home' once a week or more for almost half the sample.



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Growth in celebrating special occasions at home suggesting an evolution of Chinese behaviour.

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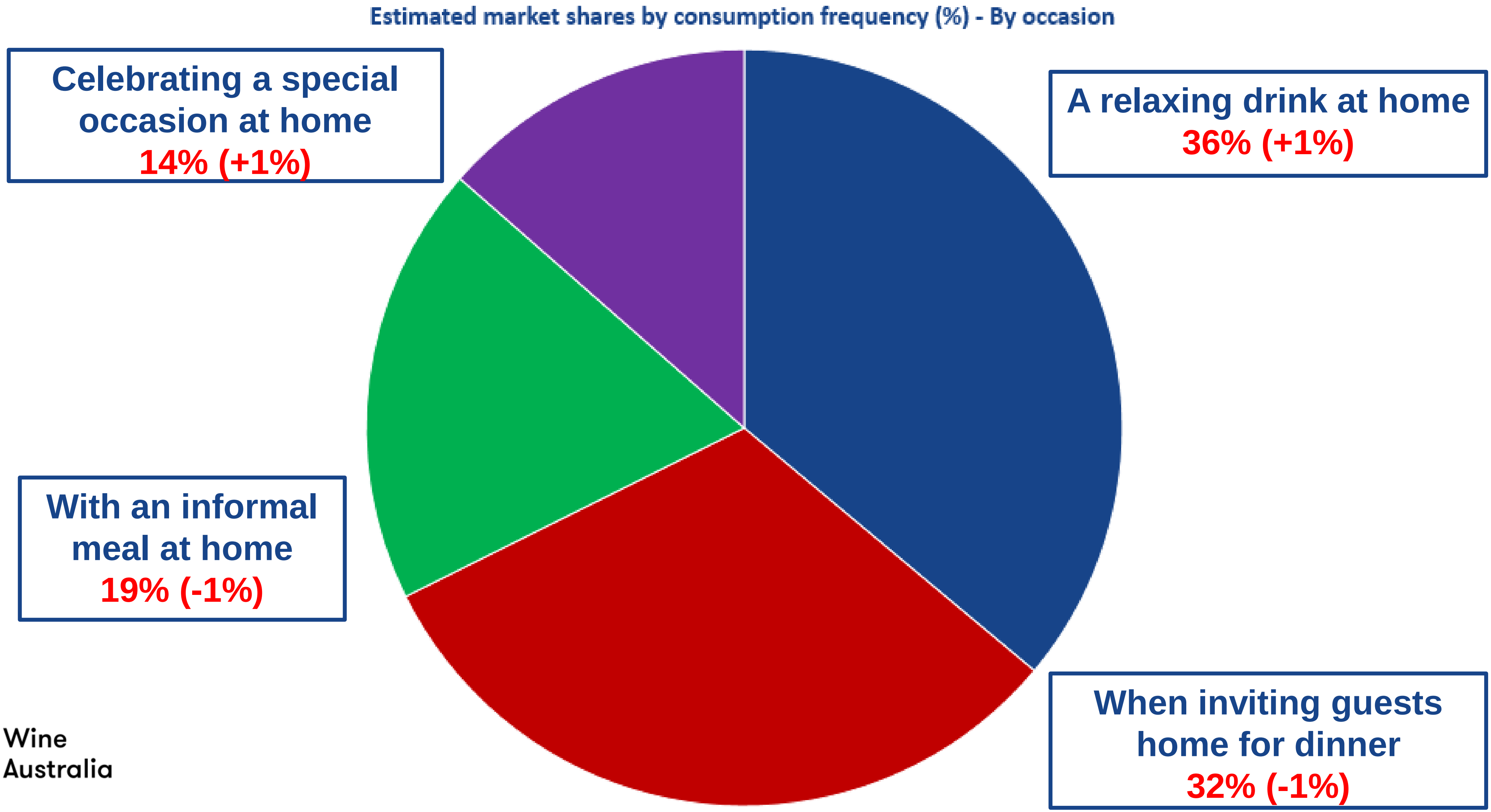
Estimated market share of home consumption mostly for informal occasions (55%), inviting guests (32%); special occasion (14%) is least common despite a rising frequency.



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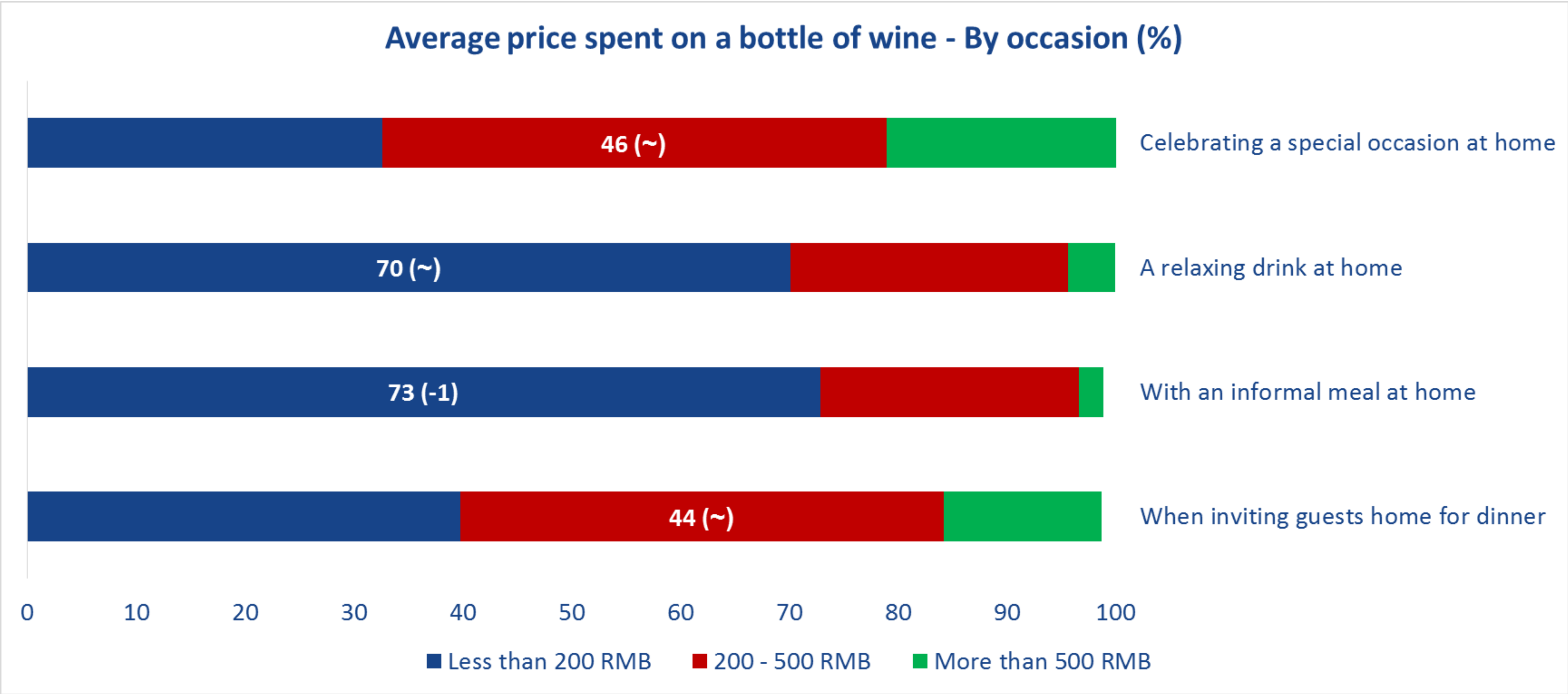
Average spend on wine for home usage tends to be under 200 RMB, however spend often increases to 200-500 RMB when hosting guests and special occasions.



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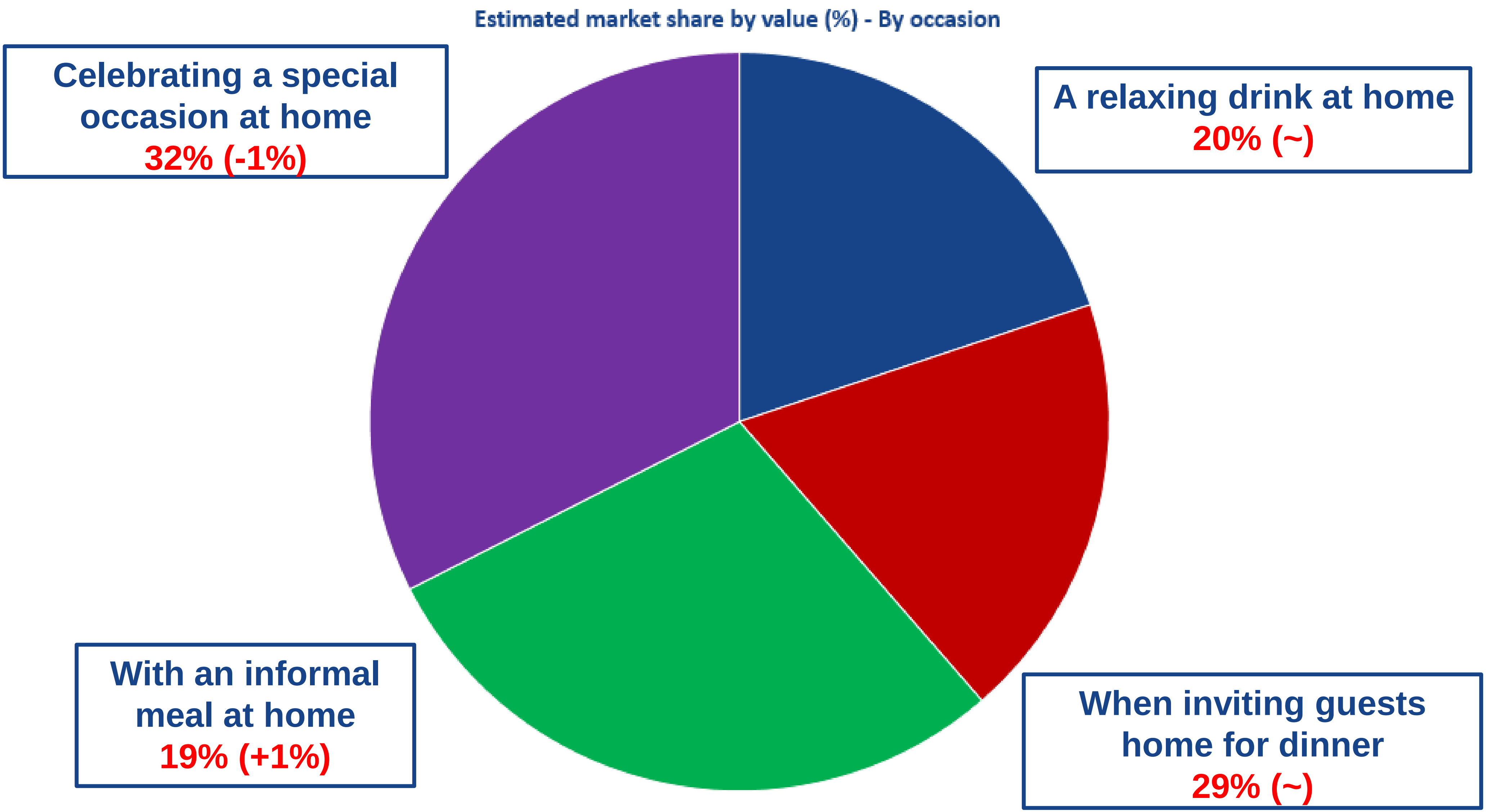
Home consumption shows celebrations account for 1/3 of value but only 14% of actual occasions. Most popular occasions (78%) account for only 49% of spending.



Off-premise repeat purchase patterns

Based upon retrospective recall

Data collected across various off-premise channels (i.e. hypermarkets, specialty wine shops & online retailers)

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Over 3 years, penetration has increased for France, dropped for China, but remained constant for others; trend evident of declining repurchase rates amidst volatility in ranging of wine retail in China.

Country of origin	Penetration (%)			Repeat Purchase Rate (%)		
	Oct '13	Oct '14	Oct '15	Oct '13	Oct '14	Oct '15
France	36	48	48	36	36	27
China	36	30	29	52	55	19
Italy	6	4	6	33	28	7
Australia	6	4	5	26	16	20
Chile	4	3	2	7	17	0
Spain	3	2	2	19	0	5
California	3	2	1	32	18	7
Portugal	na	2	1	na	21	8
Germany	na	1	1	na	13	0
Argentina	na	0	1	na	0	0
New Zealand	2	1	1	19	0	14

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Volatility in repurchase rates are an artefact of fragmented and evolving retail category.

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Penetration and repeat buying in decline for Ningxia and Bordeaux, but stable for remainder; repeat buying highly volatile due to small sample size.

Region of origin	Penetration (%)			Repeat Purchase Rate (%)		
	Oct ‘13	Oct ’14	Oct ’15	Oct ‘13	Oct ’14	Oct ’15
Ningxia	29	26	23	46	50	20
Bordeaux	21	24	18	26	25	15
Provence	6	6	6	8	8	5
Burgundy	5	8	6	2	6	5
Côtes du Rhône	2	3	3	19	5	0
Sicily	3	3	2	8	18	0
Hunter Valley	na	1	2	na	20	24
Médoc	3	2	2	9	17	0
Barossa Valley	2	3	1	13	19	15
Loire	1	1	1	10	14	8
Napa Valley	2	2	1	15	23	10
Tuscany	2	1	1	10	0	0
Yarra Valley	na	1	1	na	0	0

Less loyalty apparent in retail for larger volume regions possibly due to range reductions by retailers impacting breadth of larger sub-categories more.

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Penetration of Cabernet growing but declining repeat buying suggesting buyers are trying other things more.

Grape variety	Penetration (%)			Repeat Purchase Rate (%)		
	Oct ‘13	Oct ’14	Oct ’15	Oct ‘13	Oct ’14	Oct ’15
Cabernet Sauvignon	31	33	39	38	38	30
Pinot Noir	5	5	6	7	7	8
Merlot	4	4	4	21	18	3
Chardonnay	7	5	4	14	10	5
Sauvignon Blanc	8	4	3	16	8	6
Riesling	5	3	3	8	19	3
Carmenére	3	2	3	6	0	4
Gamay	4	2	2	7	13	0
Pinot Blanc	na	1	2	na	0	5
Garnacha Tinta	na	2	2	na	7	0
Gewurtztraminer	na	1	1	na	0	0
Shiraz / Syrah	3	2	1	11	10	7
Chenin Blanc	na	0	1	na	0	8

Shiraz, Australia’s work horse in China, is in slight decline, but stable and has repeat buying much higher for its size than would be expected. Suggesting it is performing well probably due to the physical availability of strong Australian retail brands like Penfold’s and Jacobs Creek.

Repeat purchase rate volatility could possibly be an artefact of low penetration and must be considered carefully.

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Penetration of premium-priced wine is climbing, but ultra-premium priced wine declining; repeat buying of lower-priced wines declining as more trading up and trial.

Price (retail)	Penetration (%)			Repeat Purchase Rate (%)		
	Oct '13	Oct '14	Oct '15	Oct '13	Oct '14	Oct '15
Less than 50 RMB	1	1	0	57	67	100
50 to 74 RMB	2	1	1	19	38	30
75 to 99 RMB	7	5	5	30	59	4
100 to 124 RMB	10	7	7	24	31	14
125 to 149 RMB	9	7	8	26	13	20
150 to 174 RMB	11	8	8	18	17	10
175 to 199 RMB	10	7	9	22	27	14
200 to 249 RMB	15	18	15	21	27	10
250 to 299 RMB	11	11	14	16	23	15
300 to 499 RMB	12	18	25	21	28	30
500 RMB or more	8	14	7	43	54	31

Penetration declining for having wine to relax and increasing for an informal meal at home; repeat buying declining suggesting greater variance in at home consumption.

Consumption occasion	Penetration (%)		Repeat Purchase Rate (%)	
	Oct '14	Oct '15	Oct '14	Oct '15
Inviting guests at home for dinner	35	34	29	26
A relaxing drink at home	23	17	25	13
Celebrating a special occasion at home	23	24	32	34
An informal meal at home	16	23	28	22

Greater variance for consumption occasions means that Chinese consumers have now been drinking wine for a wider range of occasions, rather than waiting for the same occasions to happen again.

Wine retail behaviour

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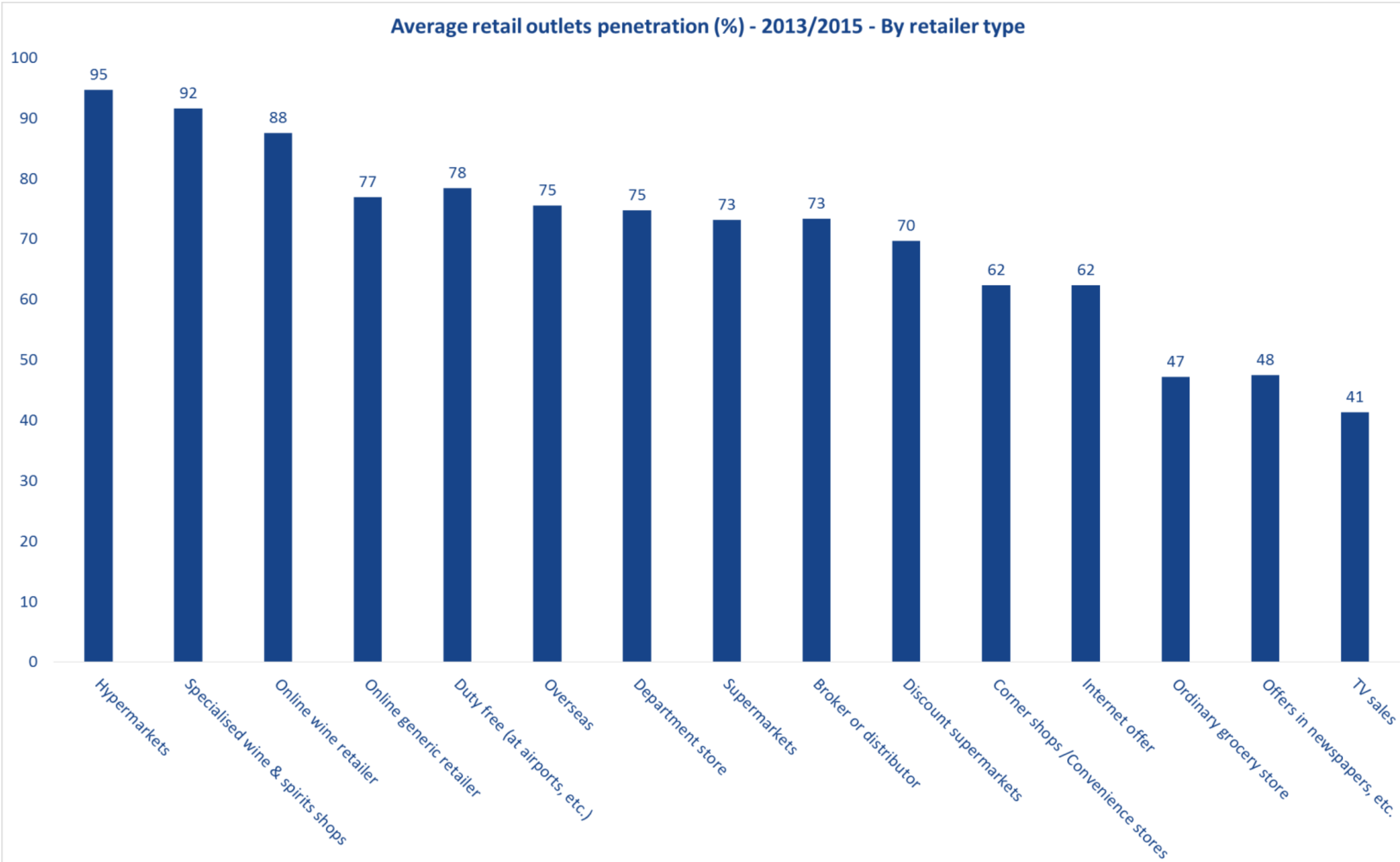
Hypermarkets, specialised and online wine retailers have dominant penetration, but a further 10 channels have penetrations above 60% showing that there are many effective opportunities to reach buyers.



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No statistically significant differences found in terms of retailer type penetration across the tree-year 2013-2015.

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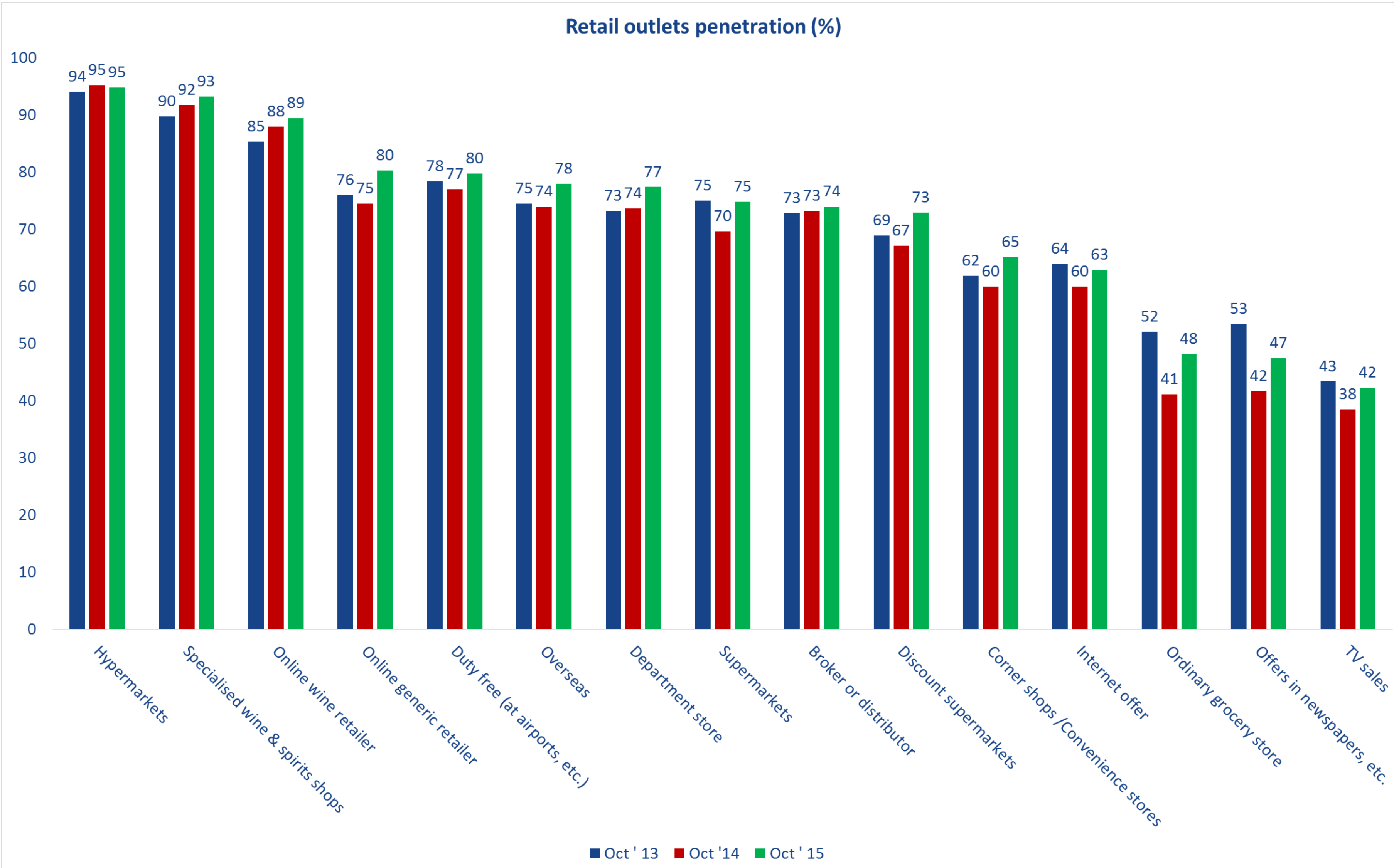
Despite no significant changes, there is a trend evident of increased penetration of wine buying across retail channels suggesting the product is becoming more mass-market for the tracked demographic.



Majority of wine drinkers buy from the same channels; those who have changed channel preferences favour the most common channels and have reduced buying from small format retailers.

Thinking about the retail channels where you have purchased wine from, would you say you have purchased more often, less often or the same compared to last year?

THE SAME

AVG = 58%

Online wine retailer (+28%)
Wine shop / shop specialised in alcohol (+25%)
Hypermarkets (+15%)
Online generic retailer (+11%)
Discount supermarkets (+10%)
Duty free (at airports, etc.) (+10%)
Overseas (+9%)
Broker or distributor (+5%)
Internet offer (+5%)

Supermarkets (-8%)
Corner shops /Convenience stores (-10%)
Ordinary grocery store (-10%)

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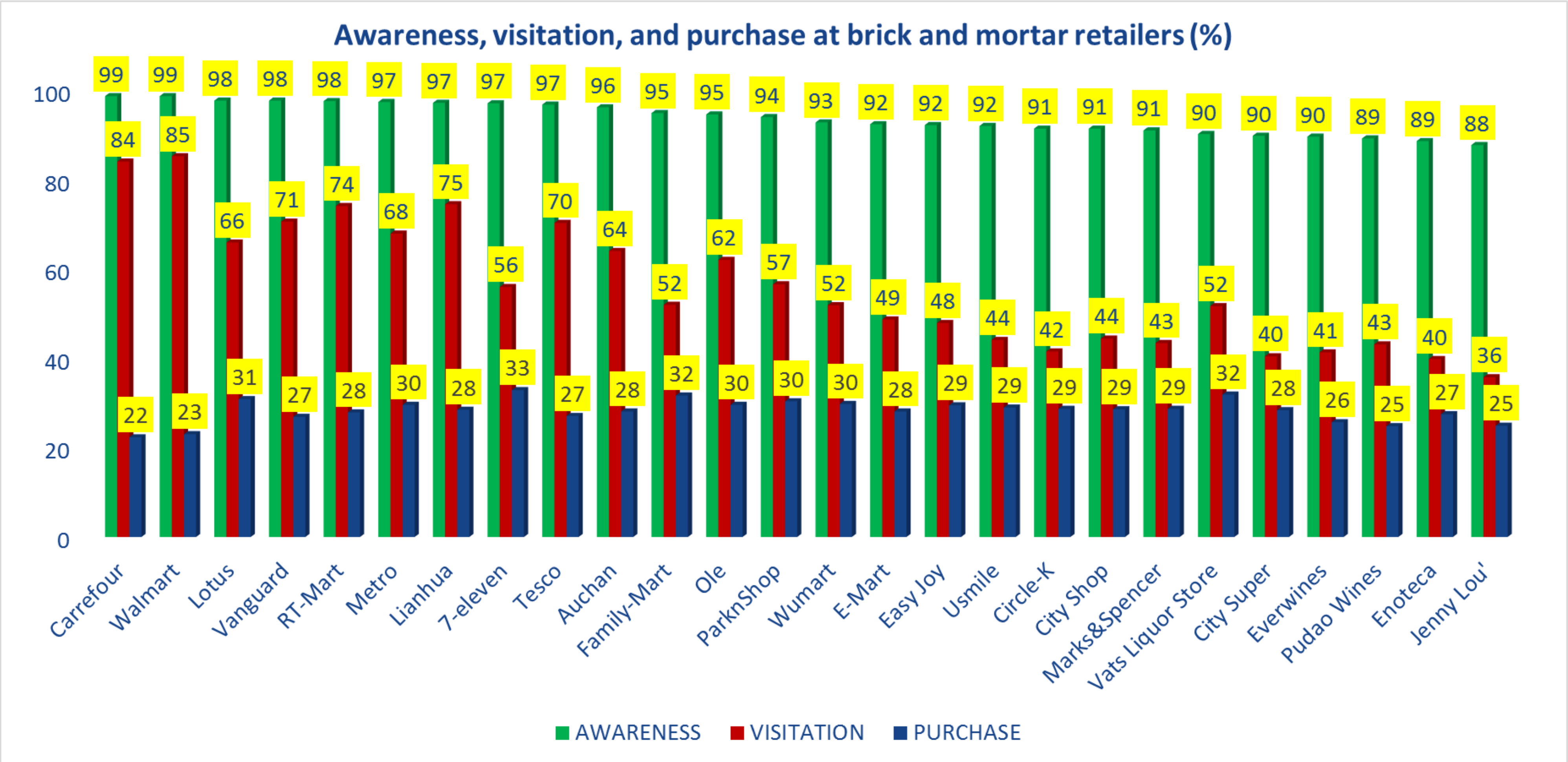
Awareness of brick and mortar retailers is high, visitation varies considerably depending on store type, purchasing from different brands of retailers more stable.



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Massive decline in buying from hypermarkets and other large format retailers evident, but growth apparent in more specialised, high-end retailers.

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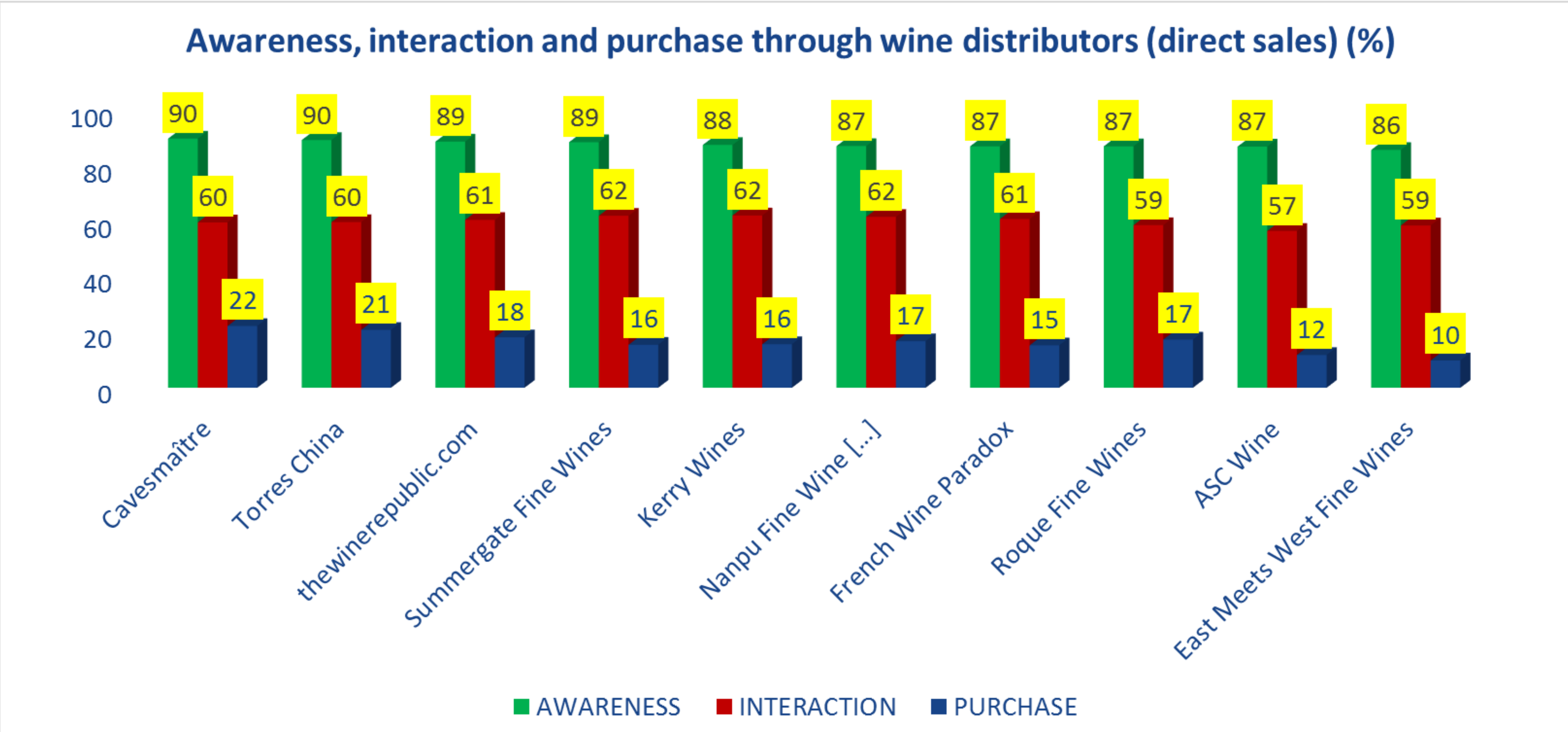
Awareness of different wine distributors is high, but little difference in the interaction/visitation between brands; some variation exists purchasing direct from distributors.



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Despite no long term major differences in purchasing and awareness, interaction with distributors for direct sales purposes are much higher than previous years.

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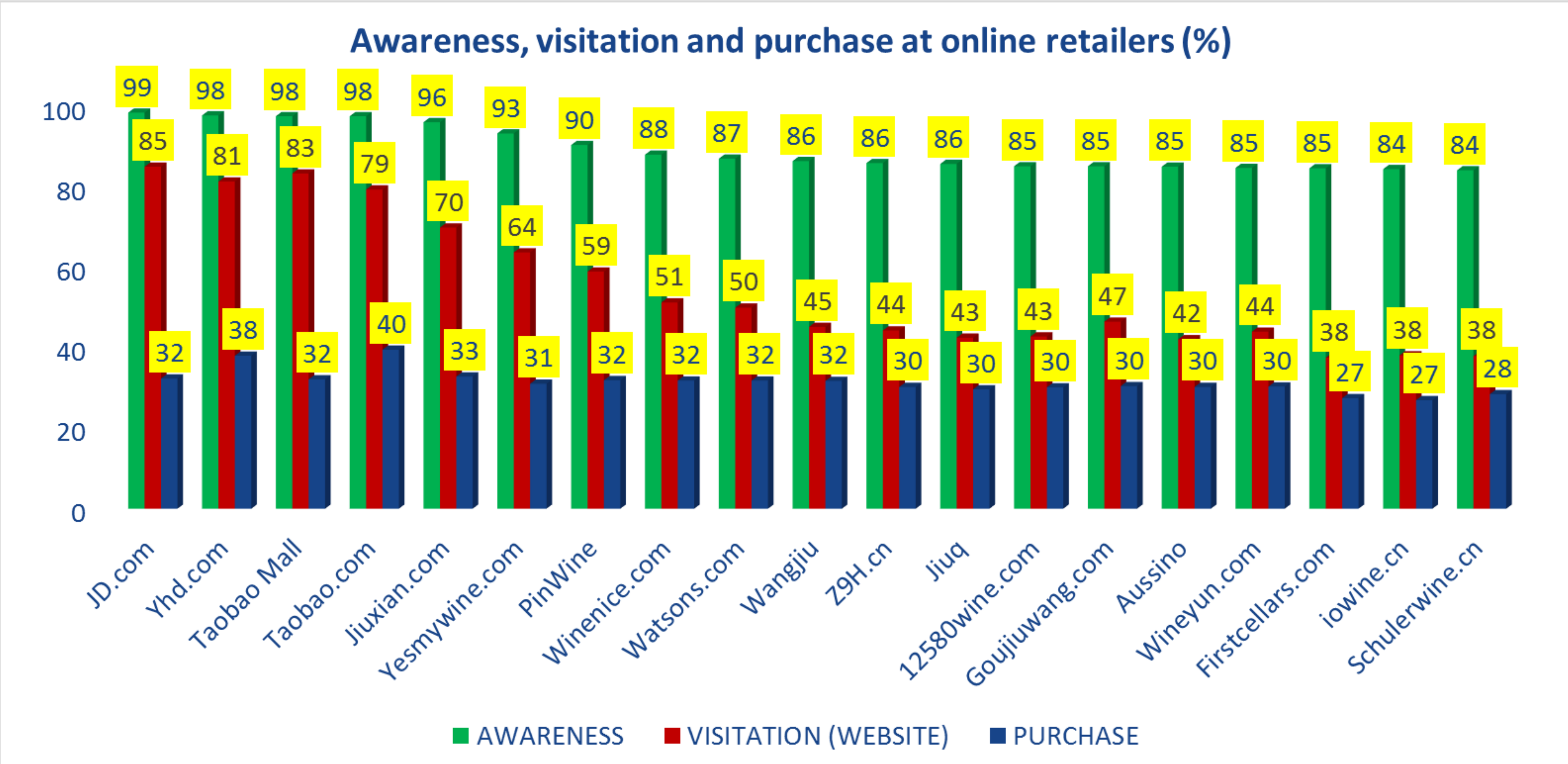
Generic online retailers (JD and YhD) top awareness along with Alibaba's B2C and C2C platforms. Visitation to only the top 5 is high, and purchasing remains fairly stable among the sample.



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Purchasing from online platforms quite similar with massive decline in buying from Alibaba's platforms.

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Wine retailer perceptions (WRP)

Sample of perceptions of brick and mortar and online retailers by type

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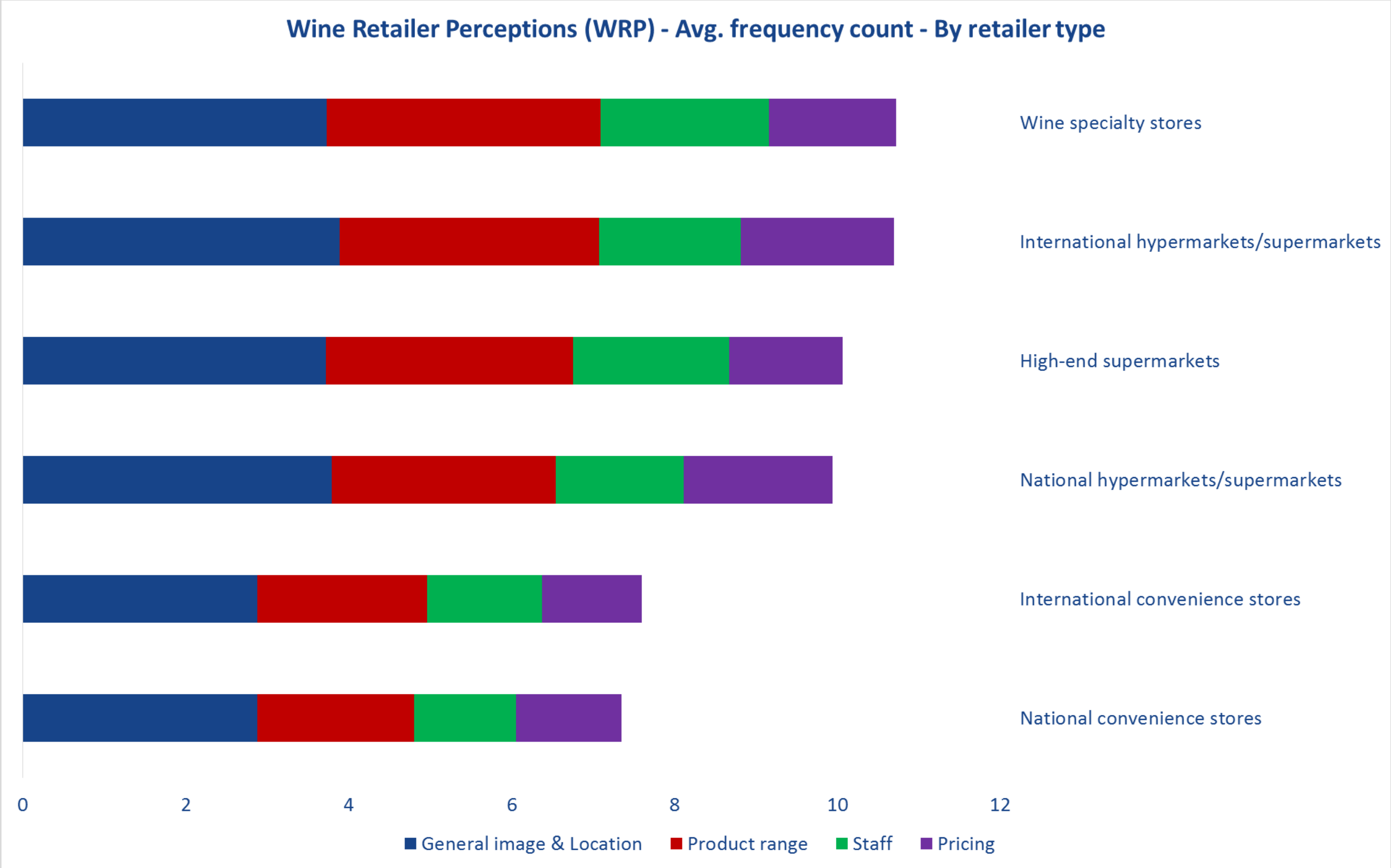
Wine drinkers associate more retailer qualities with specialty wine stores and international branded hypermarkets and supermarkets.



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High-end supermarkets and Chinese national brands also received high numbers of associations, but convenience stores are associated much less with the qualities wine drinkers consider in wine retail.

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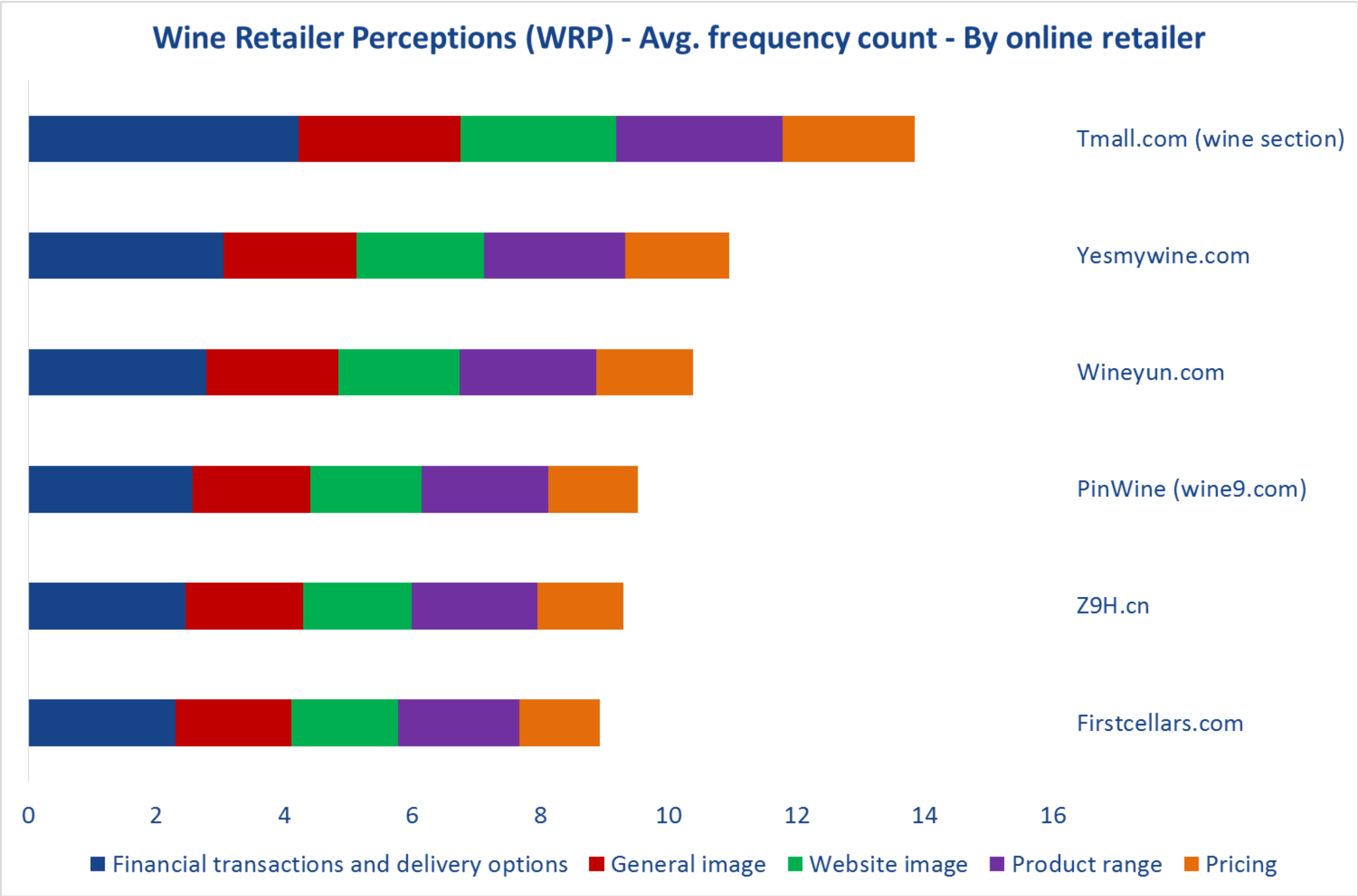
Tmall has the most associations among online retailers. Financial transaction, delivery and product range are most important across all online stores.



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Wine retailer perceptions (WRP)

Strengths and weaknesses by store type

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Strengths and weaknesses analysis

This analysis presents the top 5 and bottom 5 **Wine Retailer Perception (WRP)** associations based on the percentage of wine drinkers who select the applicable statements that relate to brick and mortar or online retailer types using the **Pick-Any** method.

The data presented makes 3 notable contributions:

- **Strengths**: The top 5 associations identify the most salient/most mentioned aspects of a ***WRP***.
- **Weaknesses**: The bottom 5 associations identify the least salient/least mentioned aspects of a *WRP*. Some of the bottom associations are perceptions a wine retailer would avoid or ones that are NOT mentioned. This is another quality performance measure.
- **Magnitude**: The percentages of each association are listed for comparison across retailers/types.

Green font indicates a new (to Wave 6) Top 5 strength

Red font indicates a new (to Wave 6) Bottom 5 weakness

Specialty stores do well in customer service, selection and marketing; buyers have few perceptions of their Chinese appeal, convenience, or pricing.

BOTTOM 5

This type of retailer projects a conservative image (25%)

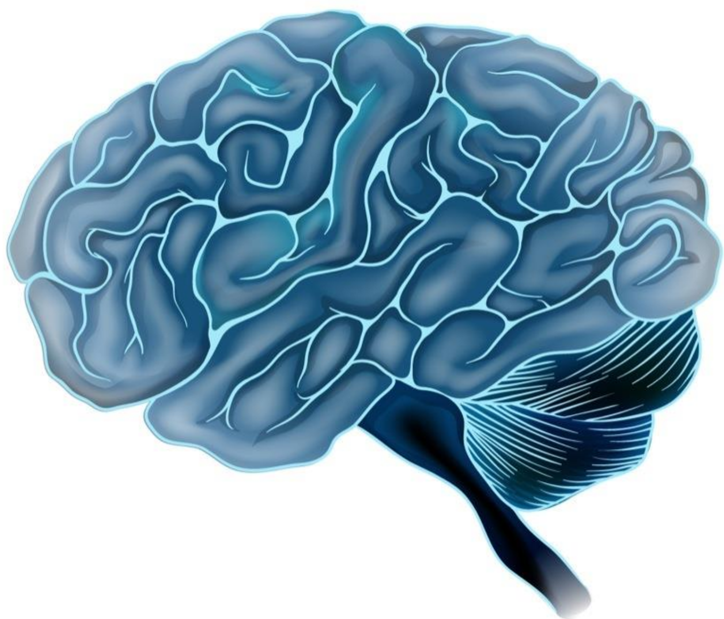
Prices for wines are low compared to similar types of retailer (27%)

The stores are located in convenient locations (30%)

This type of retailer has a clear Chinese appeal (32%)

I buy online from this type of retailer (34%)

wine specialty stores



TOP 5

The staff in this type of retailer is able to give recommendations about the wines (56%)

This type of retailer provides good customer service (51%)

The personnel in this type of retailer are friendly (50%)

This type of retailer makes the prices of the wines easily visible on the shelf (49%)

This type of retailer carries a wide selection of wines (49%)

Hypermarkets do well in pricing, selection and repeat business. There are few perceptions about the image, online selling, return policies, and serving the Chinese middle class for hypermarkets.

BOTTOM 5

This type of retailer projects a conservative image (24%)

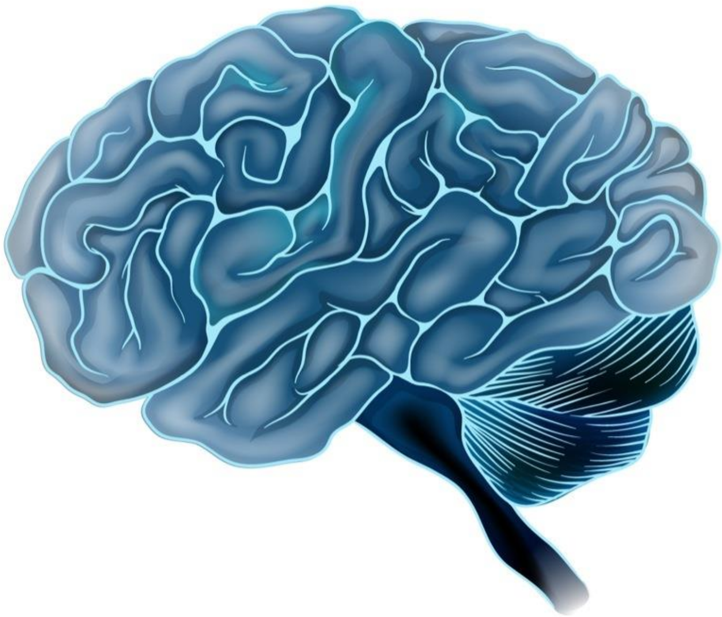
I buy online from this type of retailer (31%)

This type of retailer has a clear Chinese appeal (31%)

This type of retailer serves the middleclass (34%)

This type of retailer operates an easy return policy for wines (35%)

international hypermarkets supermarkets



TOP 5

This type of retailers makes the prices of the wines easily visible on the shelf (51%)

I have shopped at this type of retailer previously (50%)

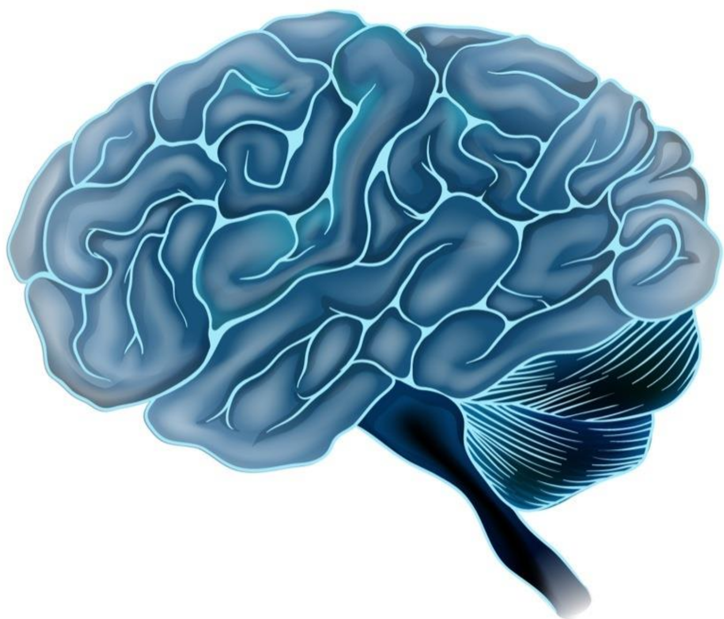
Discounts are available from this type of retailer (47%)

The personnel in this type of retailer are friendly (47%)

This type of retailer carries a wide selection of wines (47%)

High-end supermarkets do well in service, are clean, and make prices easy to see; buyers have few perceptions about their image, pricing, online sales and appeal to Chinese buyers.

high-end supermarkets



BOTTOM 5
This type of retailer projects a conservative image (20%)
Prices for wines are low compared to similar types of retailer (24%)
This type of retailer has a clear Chinese appeal (25%)
I buy online from this type of retailer (24%)
Discounts are available from this type of retailer (29%)

TOP 5
The personnel in this type of retailer are friendly (50%)
This type of retailer provides good customer service (50%)
The stores are clean and tidy (47%)
This type of retailer makes the prices of the wines easily visible on the shelf (47%)
The staff in this type of retailer is able to give recommendations about the wines (47%)

Wine Australia

Chinese hypermarkets and supermarkets do well in repeat business, pricing and convenience; buyers have few perceptions about whether they are considered world class retailers, have online sales, or the wine selection.

BOTTOM 5

This type of retailer is a world class retailer (28%)

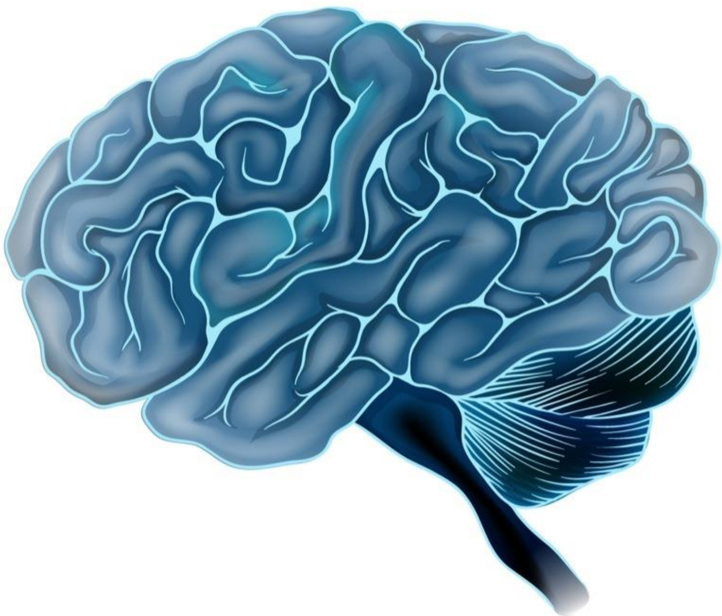
I buy online from this type of retailers (30%)

The wines sold by this type of retailer are fashionable (31%)

The stores atmosphere is excellent (31%)

The private label brands carried by this type of retailer are reliable (33%)

national hypermarkets supermarkets



TOP 5

This type of retailer makes the prices of the wines easily visible on the shelf (48%)

I have shopped at this type of retailer previously (47%)

Prices for wines are low compared to similar types of retailer (46%)

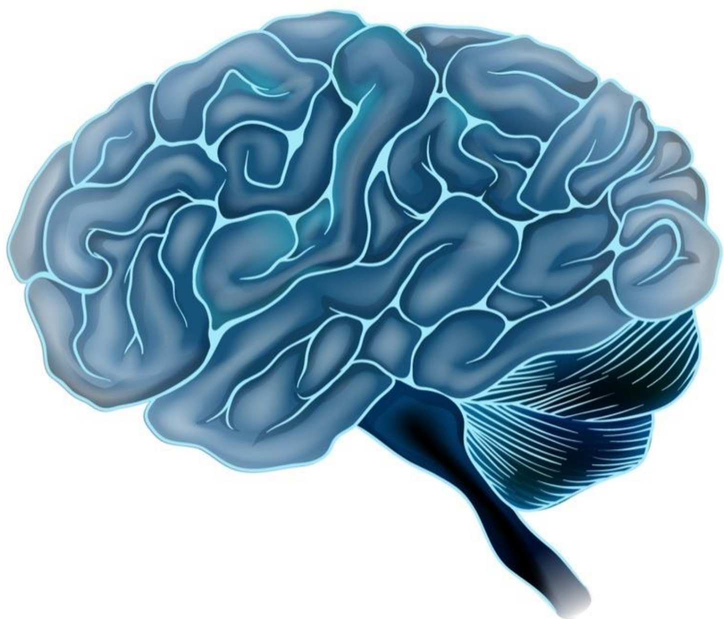
Discounts are available from this type of retailer (46%)

The stores are located in convenient locations (46%)

International convenience store chains have good service, are clean, and convenient; buyers have few perceptions about their image, their appeal to Chinese buyers, their online sales, pricing and return policies.

BOTTOM 5
This type of retailer projects a conservative image (19%)
This type of retailer has a clear Chinese appeal (20%)
I buy online from this type of retailer (20%)
Prices for wines are low compared to similar types of retailer (24%)
This type of retailer operates an easy return policy for wines (24%)

international convenience stores



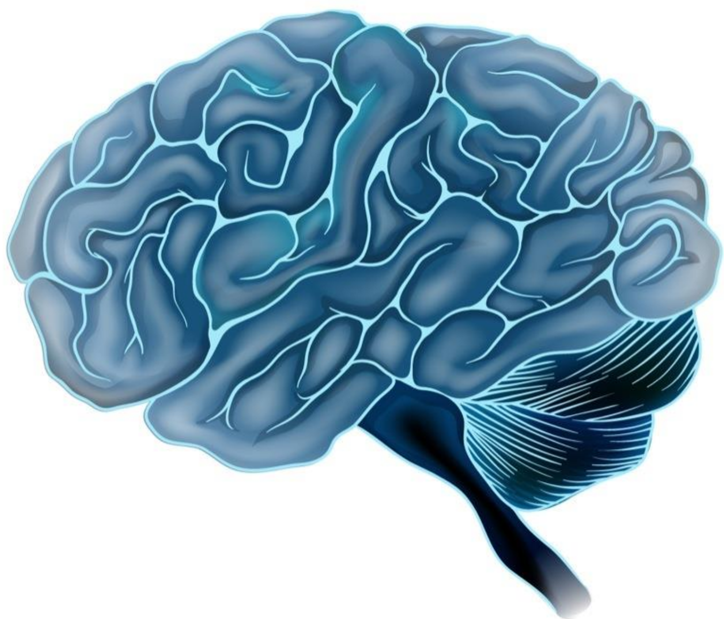
TOP 5
The personnel in this type of retailer are friendly (42%)
The stores are clean and tidy (41%)
This type of retailer makes the prices of the wines easily visible on the shelf (36%)
This type of retailer provides good customer service (35%)
The stores are located in convenient locations (35%)

Wine Australia

UniSA Ehrenberg-Bass Institute for Marketing Science

Chinese convenience stores have good staff, appeal to Chinese buyers, are convenient and have good pricing; buyers have few perceptions about their store atmosphere, return policies, and wine stock.

national convenience stores



BOTTOM 5	TOP 5
The store atmosphere is excellent (22%)	The personnel in this type of retailer are friendly (39%)
This type of retailer operates an easy return policy for wines (23%)	The stores are located in convenient locations (37%)
I buy online from this type of retailer (23%)	This type of retailer has a clear Chinese appeal (35%)
The wines sold by this type of retailer are fashionable (23%)	This type of retailer makes the prices of the wines easily visible on the shelf (34%)
This type of retailer always carries the wines that I want in stock (23%)	Prices of wines are low compared to similar types of retailer (33%)

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Wine retailer perceptions (WRP)

Online retailer: strengths and weaknesses

Sample of online retailers

Wine Australia

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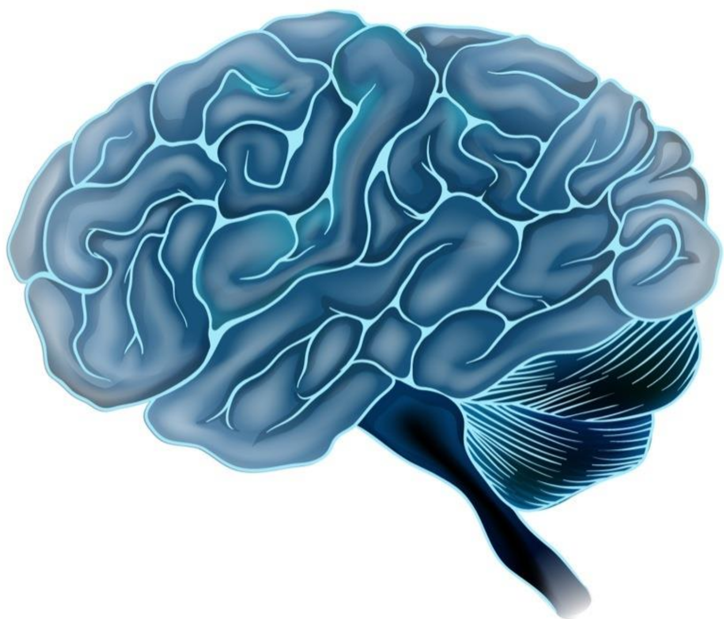
Tmall has good prices and discounts, an easy to use website and fast transaction speed; wine buyers have few perceptions about wine quality, image or confidentiality of transactions.

Tmall

天猫 TMALL.COM

BOTTOM 5
This retailer projects a conservative image (34%)
The retailers' private label brands are reliable (36%)
This retailer is a world class wine retailer (38%)
The wines sold by this retailer are of good quality (38%)
This retailer keeps my personal data confidential (39%)



TOP 5
The website is easy to navigate (58%)
Discounts are available from this retailer (54%)
Prices for wines are low compared to similar retailers (52%)
This retailer makes the prices of the wines easily visible on the website (51%)
This retailer has fast financial transactions (52%)

Wine Australia

Yesmywine provides good value pricing, good selection, food recommendations, and has a easy to navigate website. Buyers have few perceptions of image, data and transaction safety, delivery or private label brands.

BOTTOM 5

This retailer projects a conservative image (25%)

This retailer keeps my personal data confidential (29%)

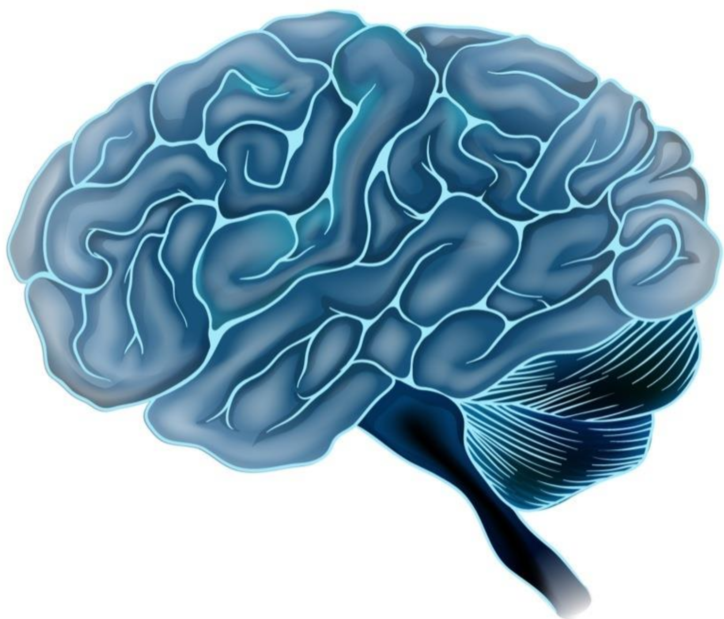
This retailer has safe financial transactions (32%)

This retailer delivers wines fast (33%)

This retailer's private label brands are reliable (33%)

Yesmywine

也买酒
yesmywine.com



TOP 5

The website is easy to navigate (44%)

You get good value-for-money on the wines sold by this retailer (43%)

This retailer makes the prices of the wines easily visible on the website (43%)

This website provides good recommendations about wines (41%)

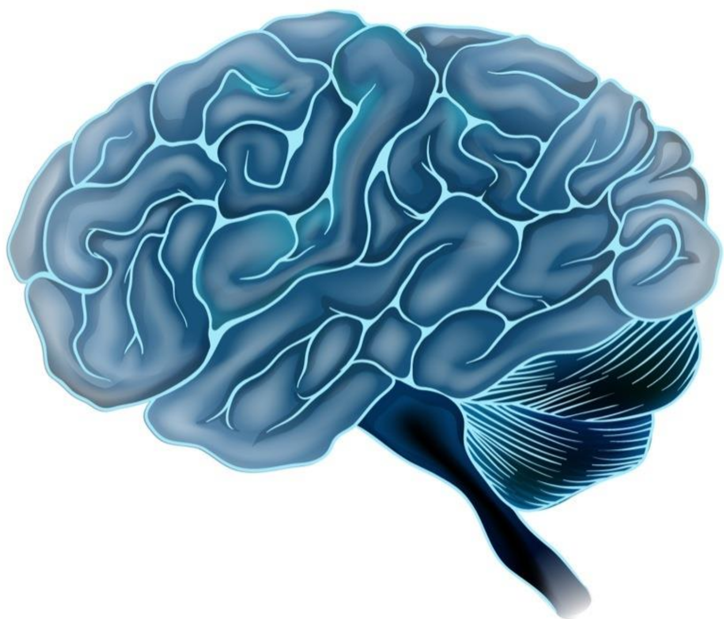
This retailer carries a wide selection of wines (41%)

Pinwine has an easy to navigate and interesting website, easy to read prices and good value wines. Buyers have few perceptions about confidentiality, delivery, transaction safety or repeat business.

Pinwine

品尚红酒
www.wine9.com

BOTTOM 5
This retailer keeps my personal data confidential (27%)
I have shopped at this retailer previously (27%)
This retailer projects a conservative image (27%)
This retailer has safe financial transactions (28%)
This retailer delivers wines fast (28%)



TOP 5
This retailer makes the prices of the wines easily visible on the website (39%)
This retailer carries a wide selection of wines (39%)
The website is easy to navigate (36%)
You get good value-for money on the wines sold by this retailer (36%)
I have great pleasure browsing through the website (36%)

Wine Australia

Wineyun has good value for money and fashionable wines, good recommendations, and a good selection; buyers have few perceptions about transaction safety, confidentiality or delivery.

BOTTOM 5

This retailer projects a conservative image (25%)

This retailer delivers wines fast (28%)

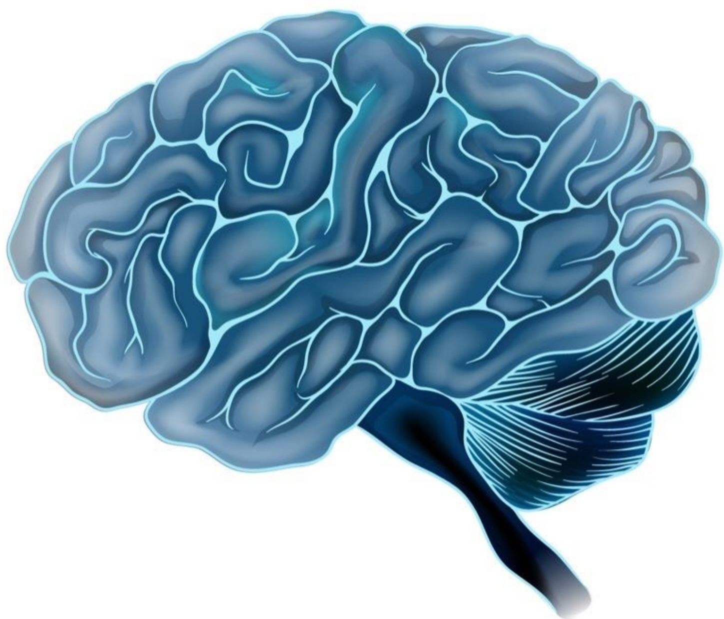
This retailer has safe financial transactions (30%)

This retailer keeps my personal data confidential (30%)

I frequently see advertisement about this retailer off the internet (30%)

Wineyun

酒云网
WINEYUN.COM



TOP 5

This retailer makes the prices of the wines easily visible on the website (43%)

You get good value-for money on the wines sold by this retailer (42%)

The wines sold by this retailer are fashionable (40%)

The websites provides good recommendations about the wines (40%)

This retailer carries a wide selection of wines (39%)

Z9h sells a wide selection of fashionable and good value wines to the middle class; buyers have few perceptions about delivery, safe transactions, data confidentiality, or image.

BOTTOM 5

This retailer projects a conservative image (24%)

This retailer delivers wine fast (25%)

I have shopped at this retailer previously (25%)

This retailer has safe financial transactions (27%)

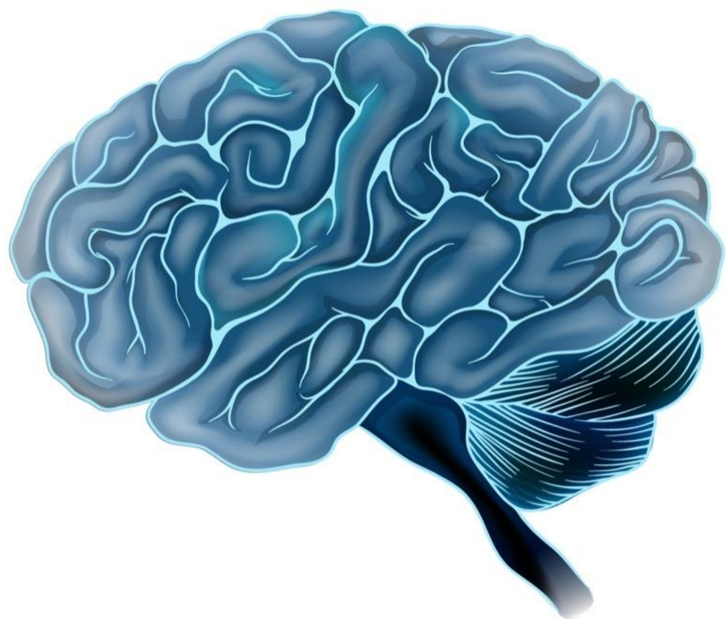
This retailer keeps my personal data confidential (27%)

z9h

臻酒汇

HERITAGE WINE CLUB

www.z9h.cn



TOP 5

This retailer makes the prices of the wines easily visible on the website (36%)

You get good value-for-money on the wines sold by this retailer (36%)

This retailer serves the middleclass (36%)

This retailer carries a wide selection of wines (36%)

The wines sold by this retailer are fashionable (35%)

Firstcellars is trustworthy with a wide selection of good value wines; buyers have few perceptions about delivery, Chinese appeal or repeat business.

BOTTOM 5

This retailer projects a conservative image (22%)

This retailer delivers wine fast (24%)

I have shopped at this retailer previously (24%)

This retailer has a clear Chinese appeal (24%)

I frequently see advertisement about this retailer off the internet (25%)

Firstcellars

TOP 5

This retailer makes the prices of the wines easily visible on the website (37%)

I find this retailer totally trustworthy (37%)

You get good value-for-money on the wines sold by this retailer (36%)

This retailer carries a wide selection of wines (35%)

The website provides good recommendations about the wine (35%)

Previously known as M1intcellars.com

Recommendations

Wine
Australia

UniSA | Ehrenberg-Bass
Institute for Marketing Science

The opportunity for Australia

The CWB has examined the performance of Australian wine and its competitors in China for a number of years. This report documents the trends, the changing retail landscape and what shifts in buyer behaviour exist.

Industry level actions:

The evidence of declining awareness for country of origin across all countries is indicative of the increasing complexity and competition for Chinese consumers' discretionary income in China. Declining repeat buying for leading countries, regions and varieties suggests consumers are trying more wine styles. This is an artefact of increased availability of wine styles across retail channels and rationalised ranges.

Current marketing activity directed at heavy buyers does not seem to be having an impact.

Communications, promotion and engagement activities must be directed at light and potential wine buyers in order to increase Australia's propensity to be in a customer's consideration set and gain a competitive advantage on our competition.

The opportunity for Australia (cont.)

Producer level actions:

Amongst the sample of wine buyers in this research (regular drinkers of imported grape-based wine), the majority buy from the same repertoire of channels. The penetration across channels is slowly growing suggesting that wine for those investigated in this research is mass-market. In previous years, there were dominant brick and mortar and online retailers. This has changed. Buyers' repertoires of retail outlets have expanded and there are no longer clear retail brand winners.

Australian brands needs to work with their partners in China to select channels that allow their brands to be present, relevant and buyable.

Brands also need to build strategies that educate and remind consumers of all the various occasions where they could be consumed. Consumption at home is rising.

Helping Chinese wine drinkers associate Australian wine as an accompaniment to a meal or a relaxing drink at home will increase the propensity that our Australian brands will be bought. Prestige wines are important, but not the solution for growth in China.

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Wine Australia

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