The Chinese consumer

Findings and implications from the China Wine Barometers Project

Tuesday 17 May

We begin at 1pm (AEST) 12.30pm (ACST) 11am (W.S.T)

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Presented with Wine Australia

WINE COMMUNICATORS OF AUSTRALIA
PROFESSIONALS WORKING IN WINE

Dr Armando Corsi
UniSA

Matt Davidson
Peter Lehmann

Andrew Buttery
Gemtree Wines

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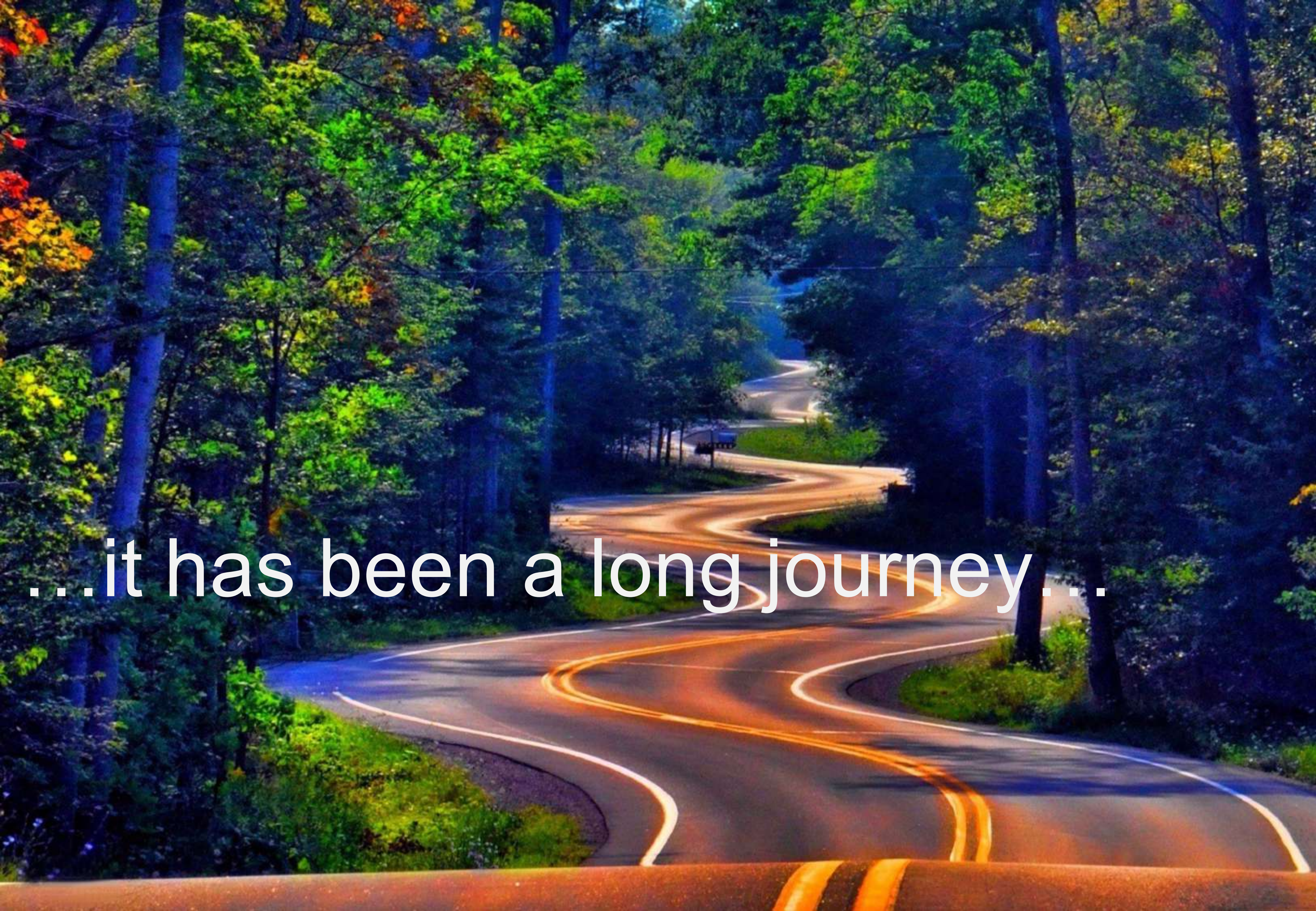
...it has been a long journey...

Thanks to our sponsor

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Australian Grape and Wine Authority

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Team effort

Prof. Larry Lockshin

Dr. Justin Cohen

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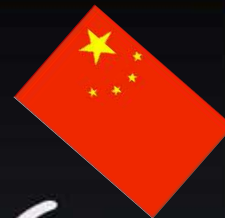
TODAY'S SPECIALS:



Wine awareness

Wine perceptions

On-premise choice drivers

On-premise choice behaviour

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The China Wine Barometer

Twice yearly tracking program across 9 cities in China

Socio-demographically representative of Chinese consumers drinking imported wines at least twice a year

Sample: n= ~1000

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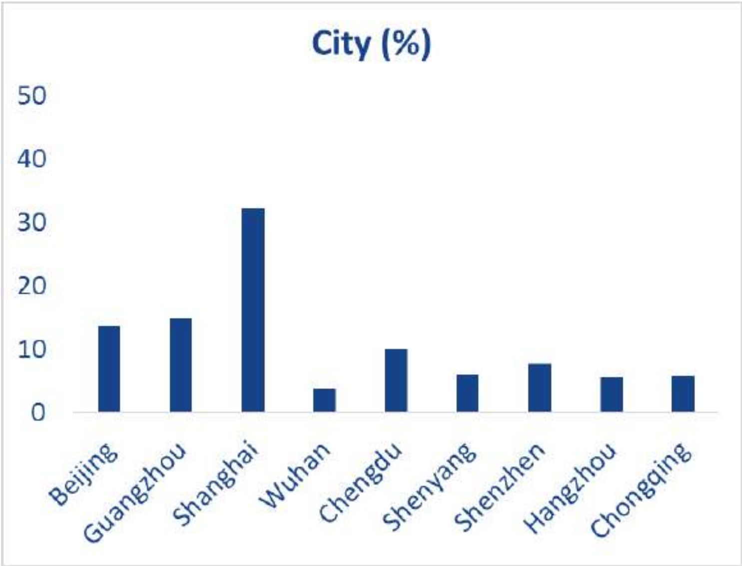
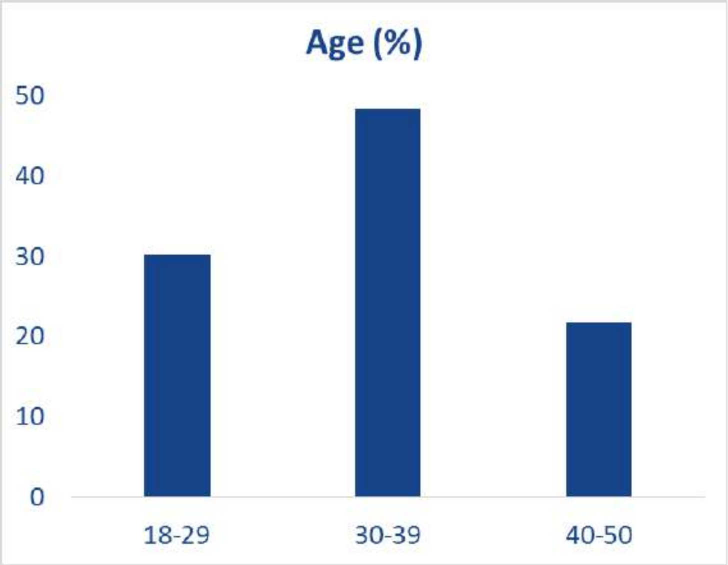
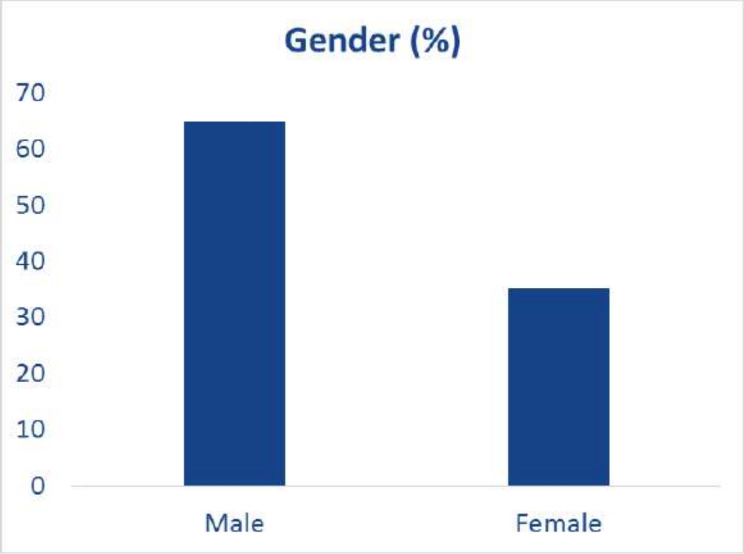
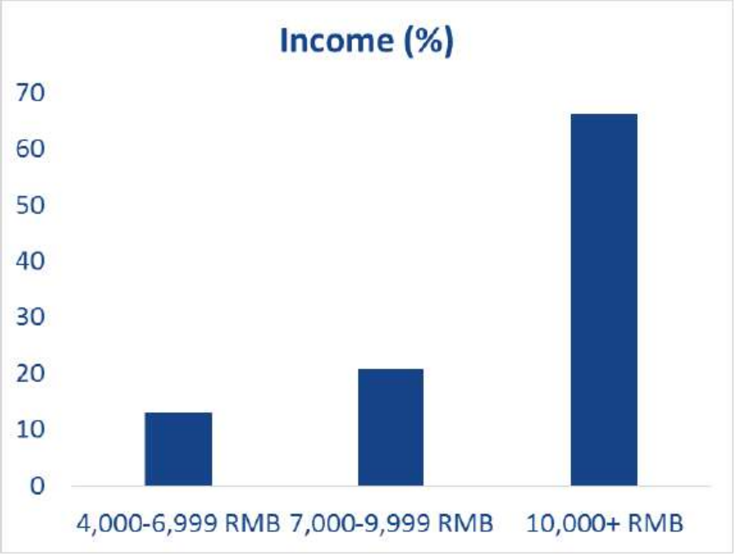
Snapshot of sample









What Chinese consumers are aware of when it comes to wine.

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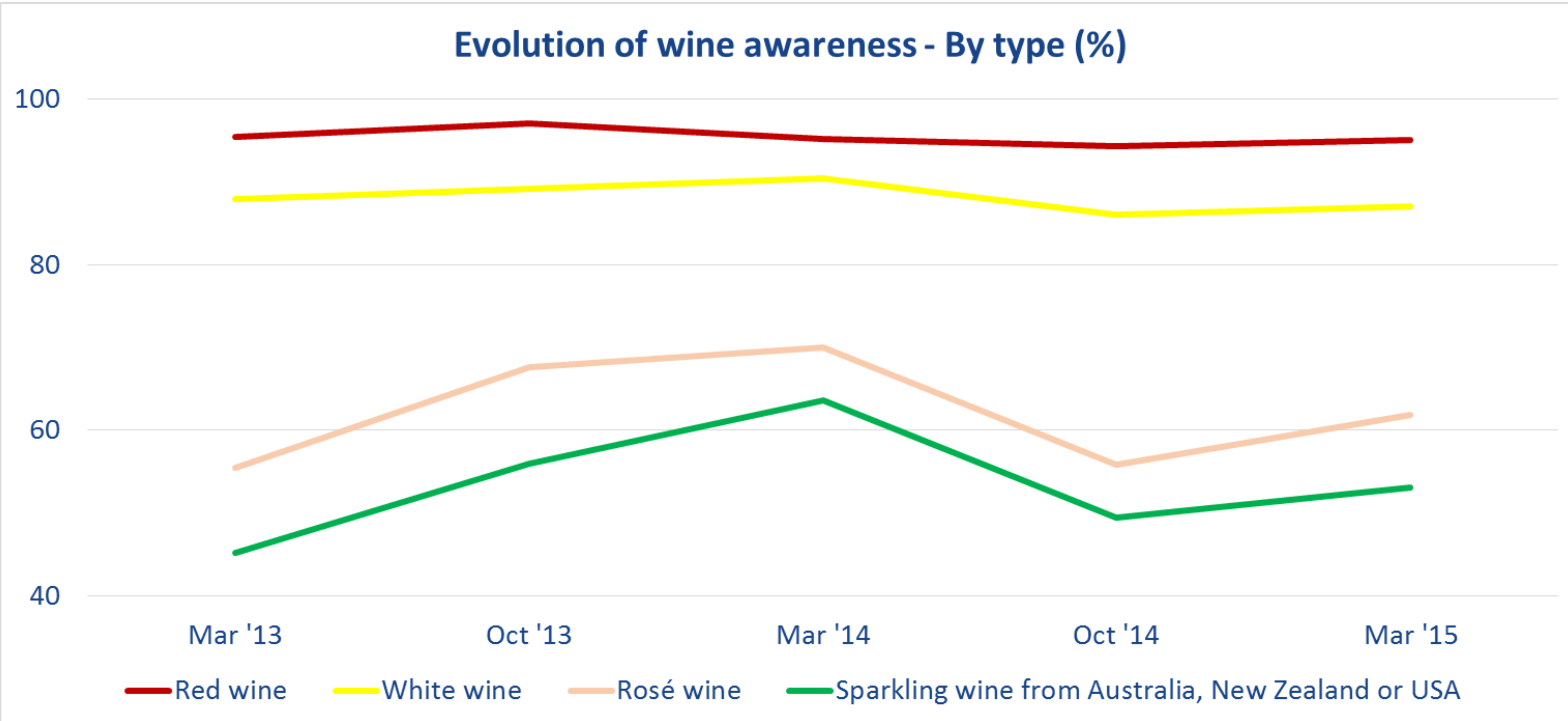
Awareness levels for red and white have changed little over 2.5 years; Rosé and sparkling decreased after change in guidelines for celebrations in China.



France, Bordeaux and Cabernet Sauvignon continue dominance in overall awareness.

France	**90**
China	81
Italy	69
Australia	66

Bordeaux	**85**
Ningxia	83
Provence	70
Sicily	62

Cab Sauv	**72**
Riesling	55
Sauv Blanc	53
Shiraz	28

…what about ***brands***?

Despite the lower consumption of white compared to red, awareness of white varieties on the rise suggesting that strategies to increase demand of this style should be considered

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Awareness for Australia as a wine producer decreases over time. General decline for most imported countries, as more Chinese drink wine but pay less attention to details.

Country awareness	March 2013 %	October 2013 %	March 2014 %	October 2014 %	March 2015 %	Difference Mar '15/Oct '14 %	Difference Mar '15/Mar '13 %
France	97	98	93	93	90	- 3	- 7
China	84	86	85	81	81	0	- 3
Italy	83	81	75	72	69	- 3	- 14
Australia	76	77	74	66	66	0	- 10
Spain	74	72	65	59	58	- 1	- 14
New Zealand	62	64	58	55	52	- 3	- 10
Chile	60	59	54	46	51	+ 5	- 9
California	59	55	53	40	45	- 5	- 14

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Branding initiatives by European regions appear to have an effect. 'New world' regions on the rise but still not at pre-austerity measures. Barossa best known Australian region, but still low.

Region awareness	March 2013 %	October 2013 %	March 2014 %	October 2014 %	March 2015 %	Difference Mar '15/Oct '14 %	Difference Mar '15/Mar '13 %
Bordeaux	87	83	76	74	85	+ 11	- 2
Ningxia	na	80	80	77	83	+ 3	na
Provence	59	65	64	56	70	+ 14	+ 11
Sicily	47	52	58	49	62	+ 13	+ 15
Burgundy	48	57	53	46	59	+ 13	+ 11
Côtes du Rhône	52	55	51	45	59	+ 14	+ 7
Médoc	41	48	47	35	54	+ 19	+ 13
Loire	34	39	42	33	49	+ 16	+ 15
Barossa Valley	54	46	44	31	48	+ 17	- 6
Napa Valley	57	46	43	36	48	+ 12	- 9

Awareness is rising for Australian wine regions.

Australian regions awareness	March 2014 %	October 2014 %	March 2015 %	Difference Mar '15/Oct '14 %	Difference Mar '15/Mar '14 %
Barossa Valley	44	31	48	+ 17	+ 4
Margaret River	41	27	46	+ 19	+ 5
McLaren Vale	42	25	44	+ 19	+ 2
Yarra Valley	35	31	43	+ 12	+ 8
Hunter Valley	35	22	41	+ 19	+ 6
Clare Valley	na	24	40	+ 16	na
Coonawarra	na	28	39	+ 11	na
Mornington Peninsula	na	29	38	+ 9	na
Langhorne Creek	na	21	32	+ 11	na

Note: % 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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Wine Country Perception (WCP)

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Why is this important?

MENTAL AVAILABILITY

…the likelihood of a brand to be thought of in a buying situation…

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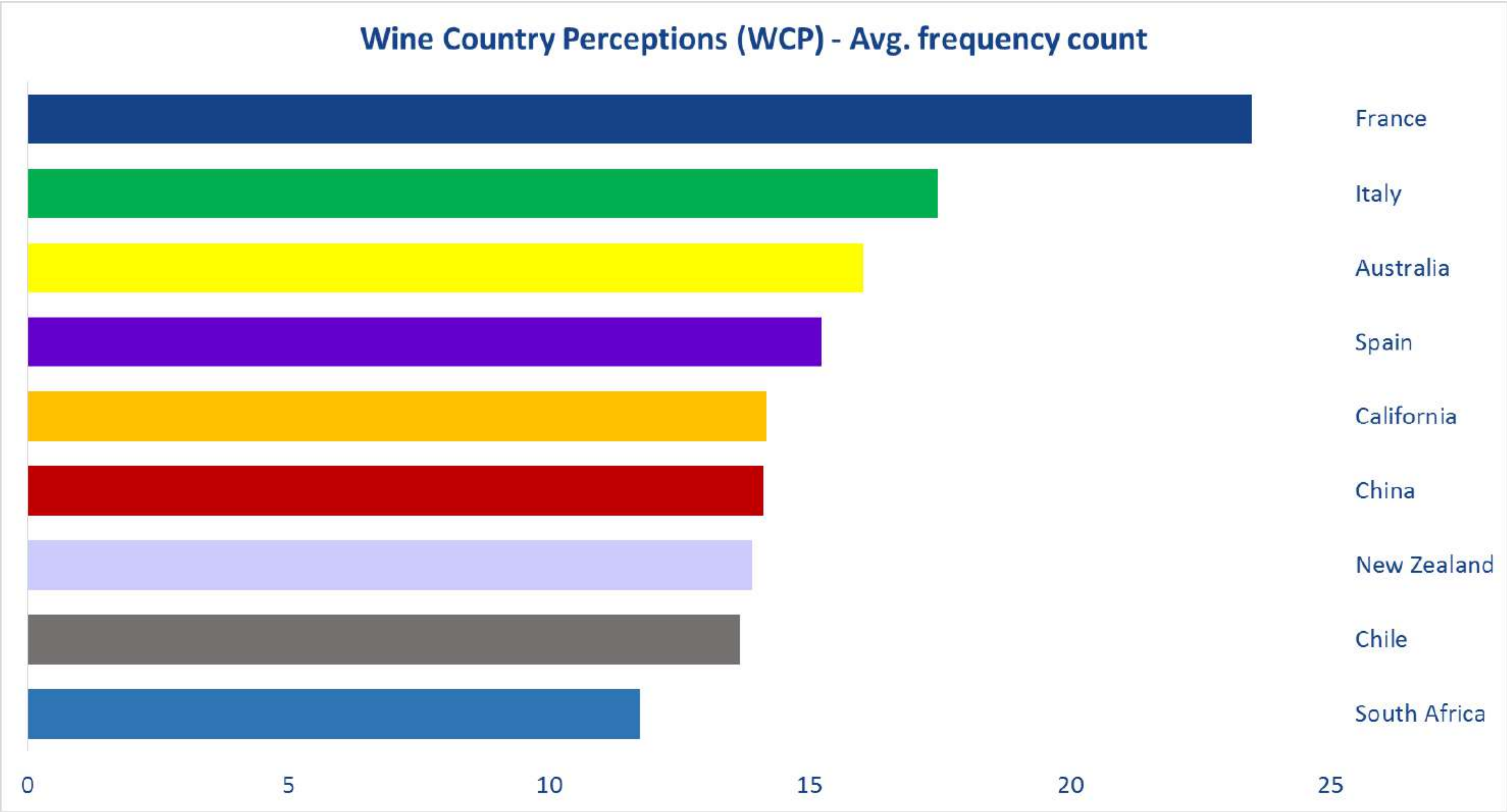
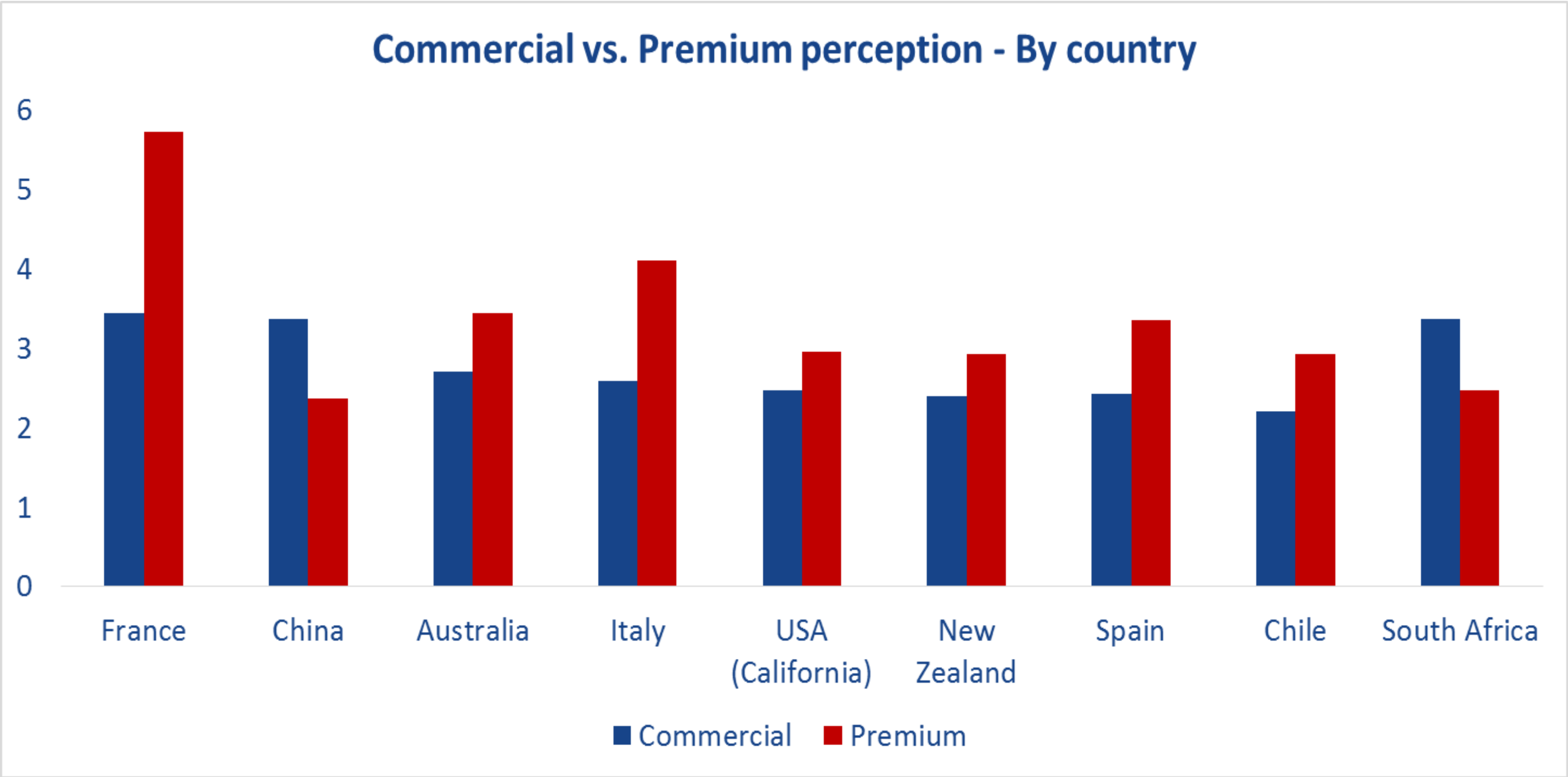
France continues to be dominant in overall mental availability. Ranking unchanged except for California overtaking China.



Average number of associations for wine category has increased (from 12 to 15.5) suggesting wine is becoming a larger part of Chinese lifestyle

Imported wine generally viewed as premium except South Africa.



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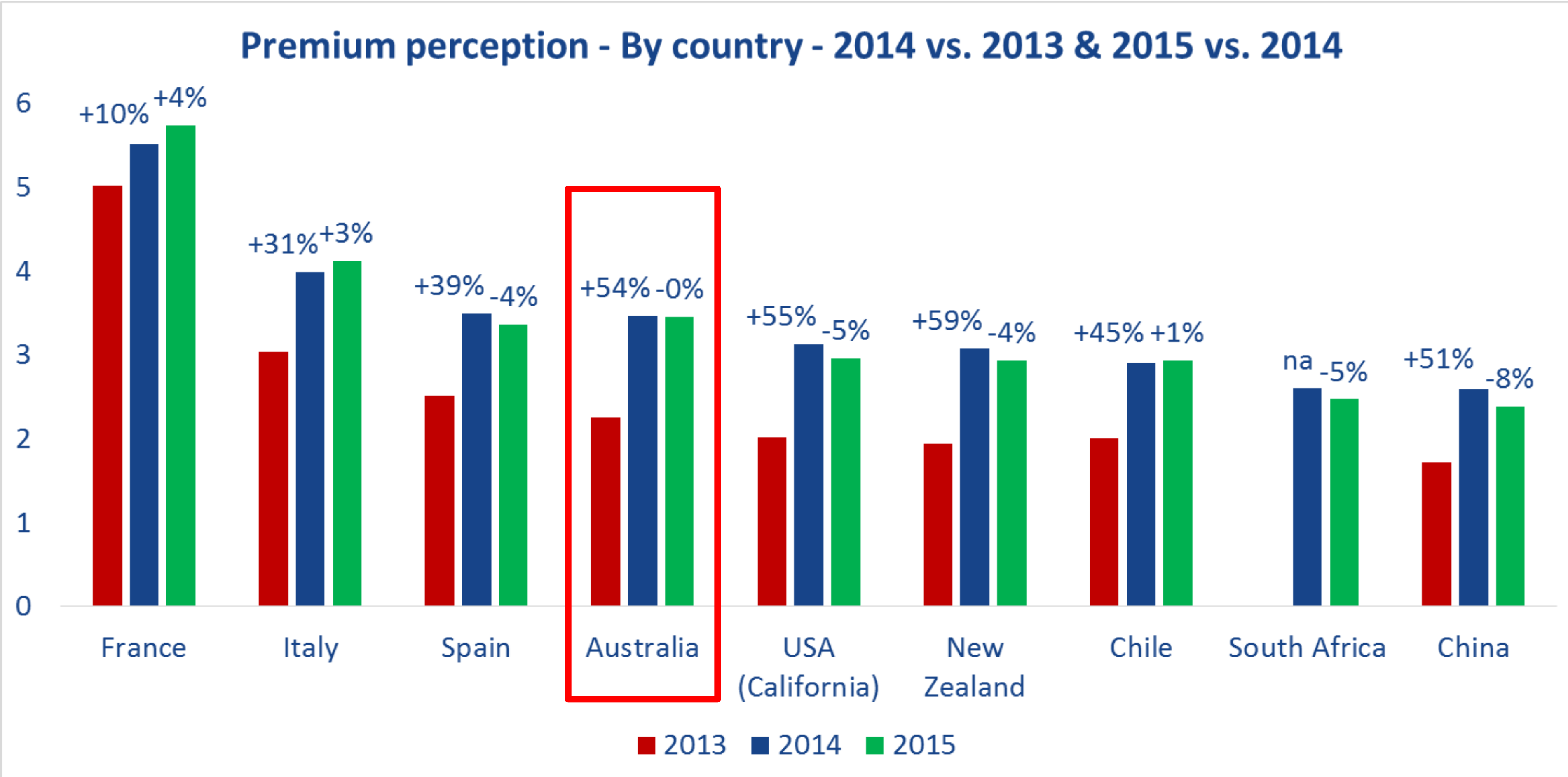
Australian premium perception has plateaued.



Significant '13/'14 growth in premium perception not replicated in '14/'15 with decline recorded for Spain, California, New Zealand, South Africa, and China.

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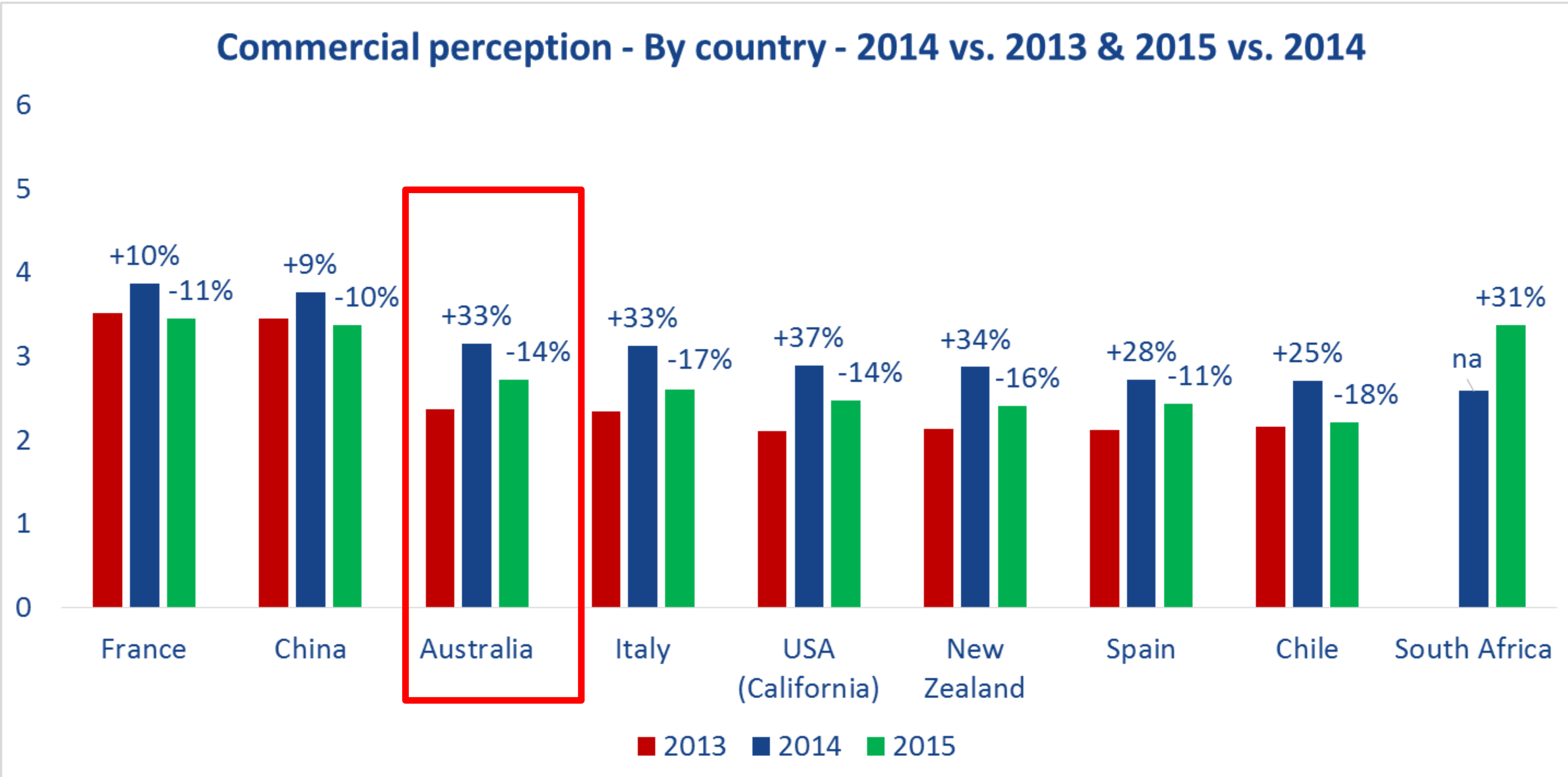
Australian commercial perception has slowed down.



General trend is wine is becoming a more premium product. However, South Africa in crisis with significant increase in commercial perception.

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Australian wine strengths bode well for the future.

BOTTOM 5

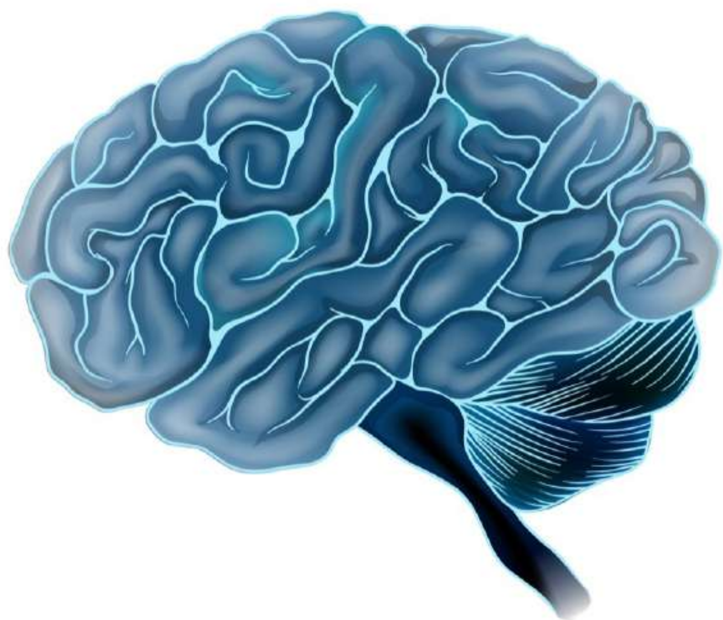
are boring (12%)

have labels that are difficult to understand (14%)

all taste pretty much the same and are boring (15%)

are too high in alcohol (17%)

are expensive (18%)



TOP 5

taste good (47%)

are wines I am likely to buy in the future (46%)

red wines (45%)

are exciting (43%)

go well with food (43%)

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On-premise Choice Drivers

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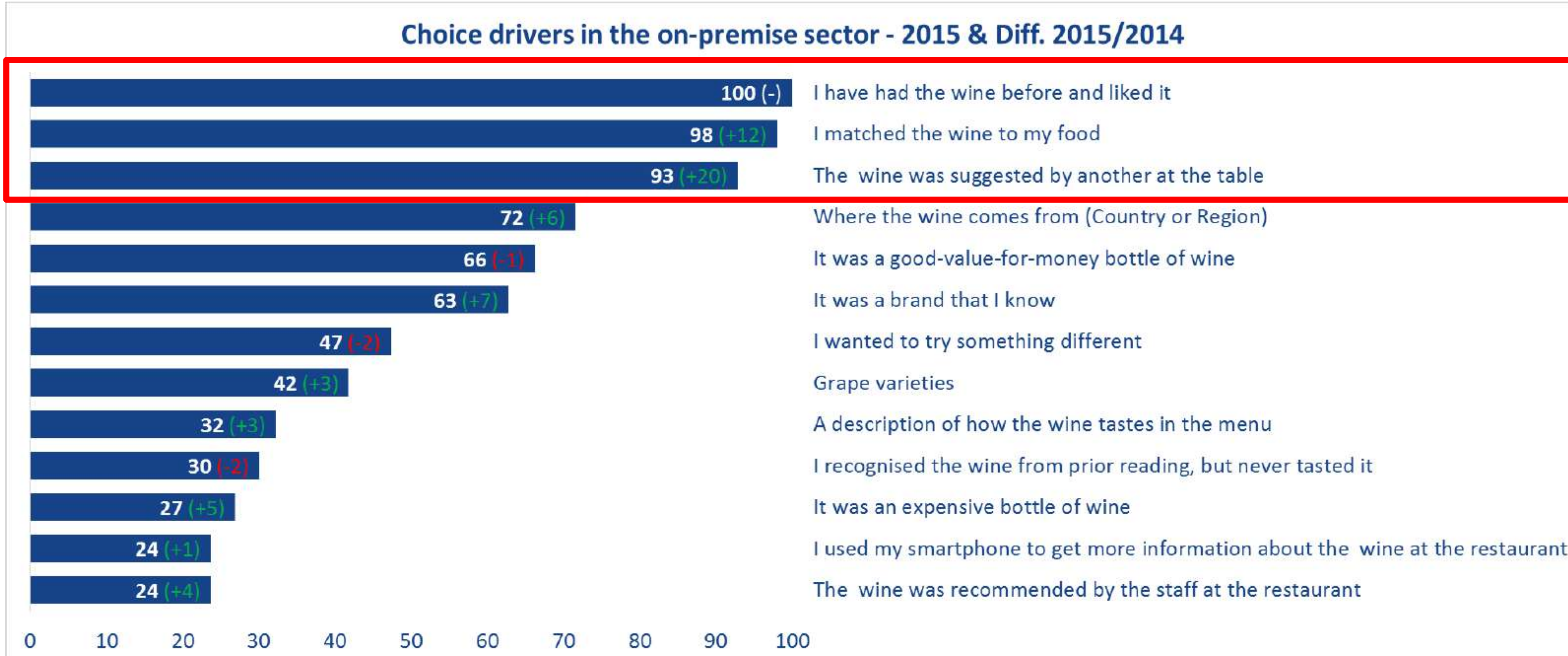
Top factors for on-premise choice are unchanged, but food wine-food pairings and suggestions by meal companions have closed the gap with prior tasting and appreciation.



No statistical difference in importance in relation to different on-premise consumption occasions, or on-premise purchase locations, so we have not reported them.

On-premise Consumption Behaviour

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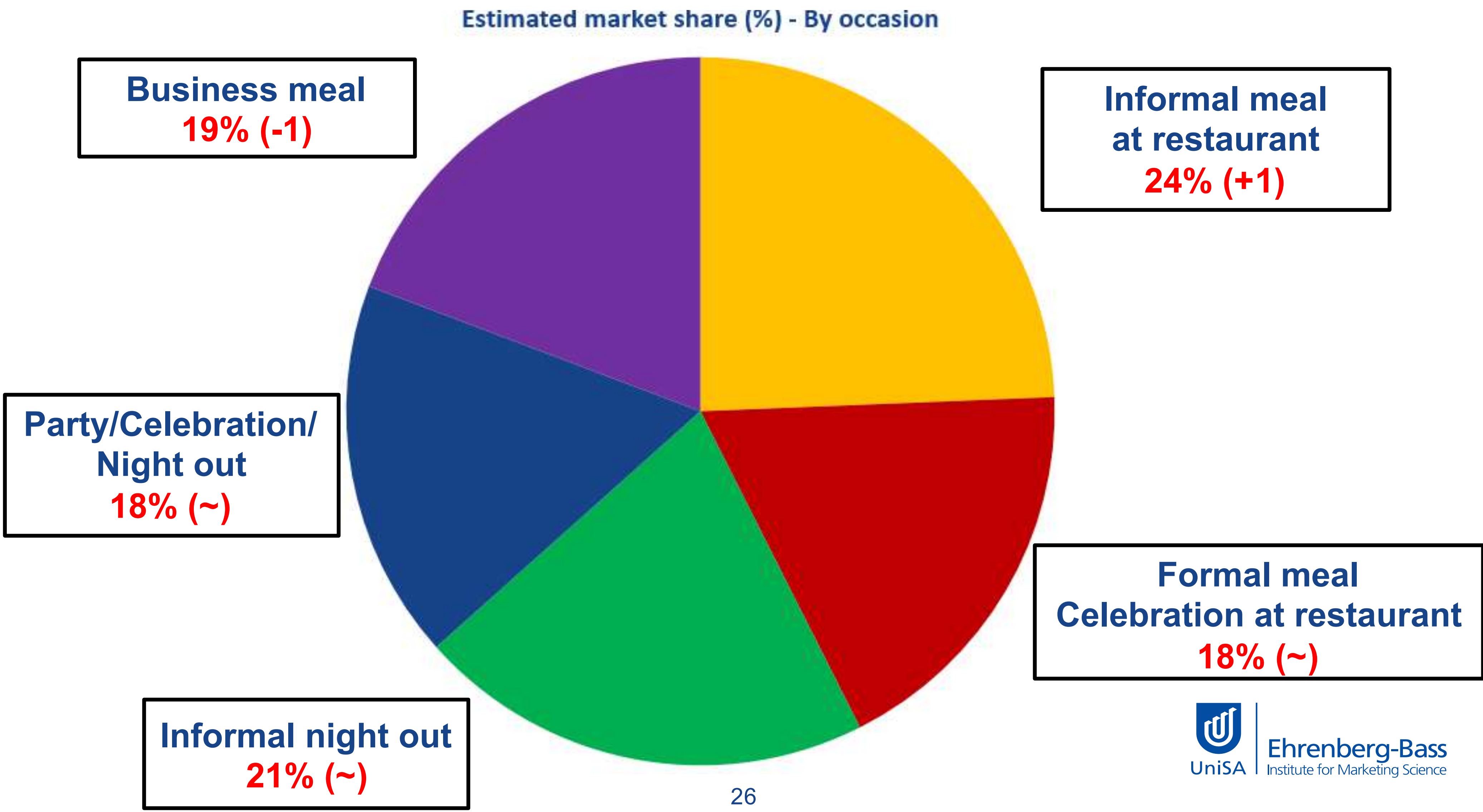
No dominant on-premise dining occasion in China with shares static over 3 years (% change from previous year in brackets).



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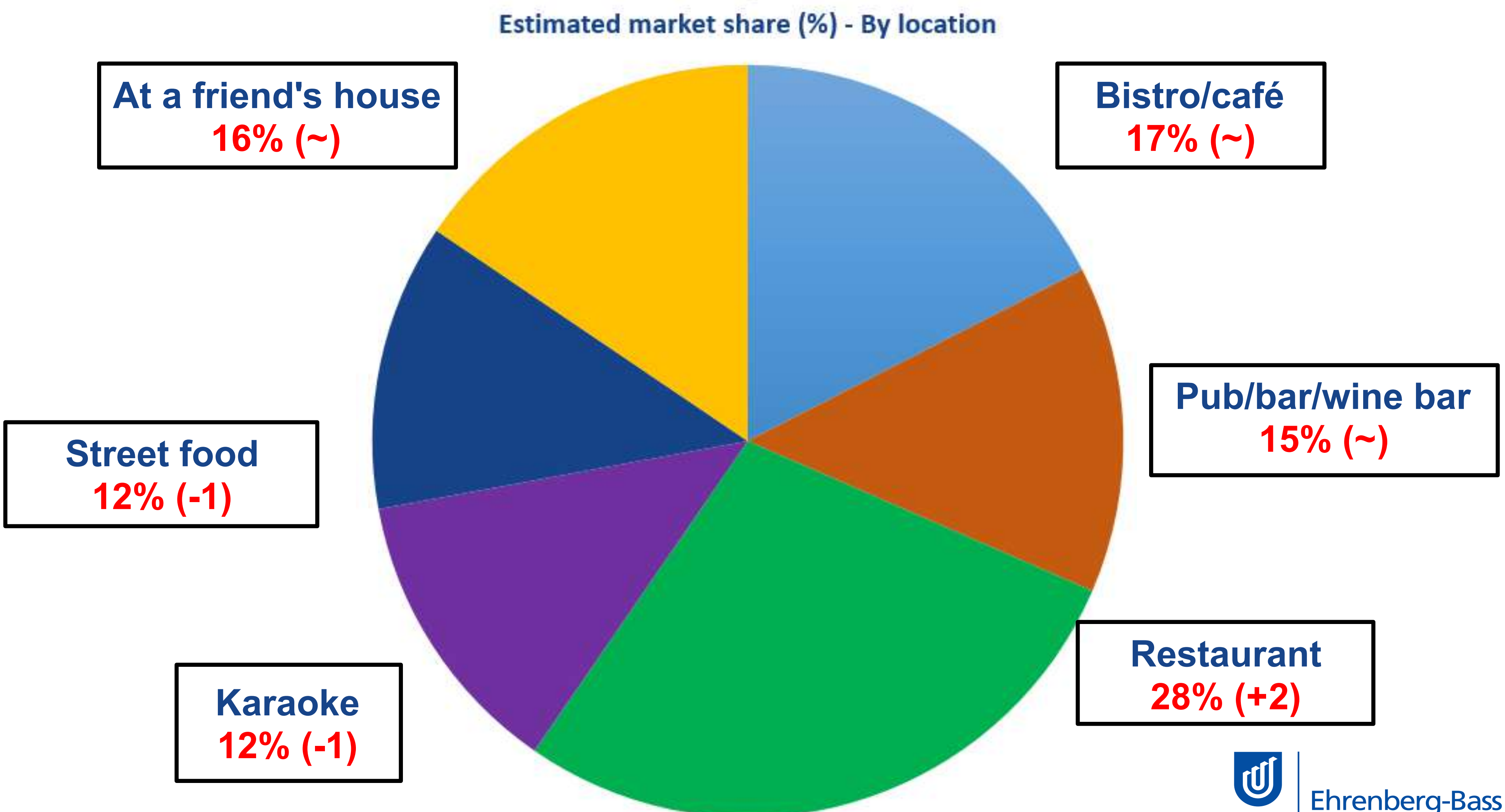
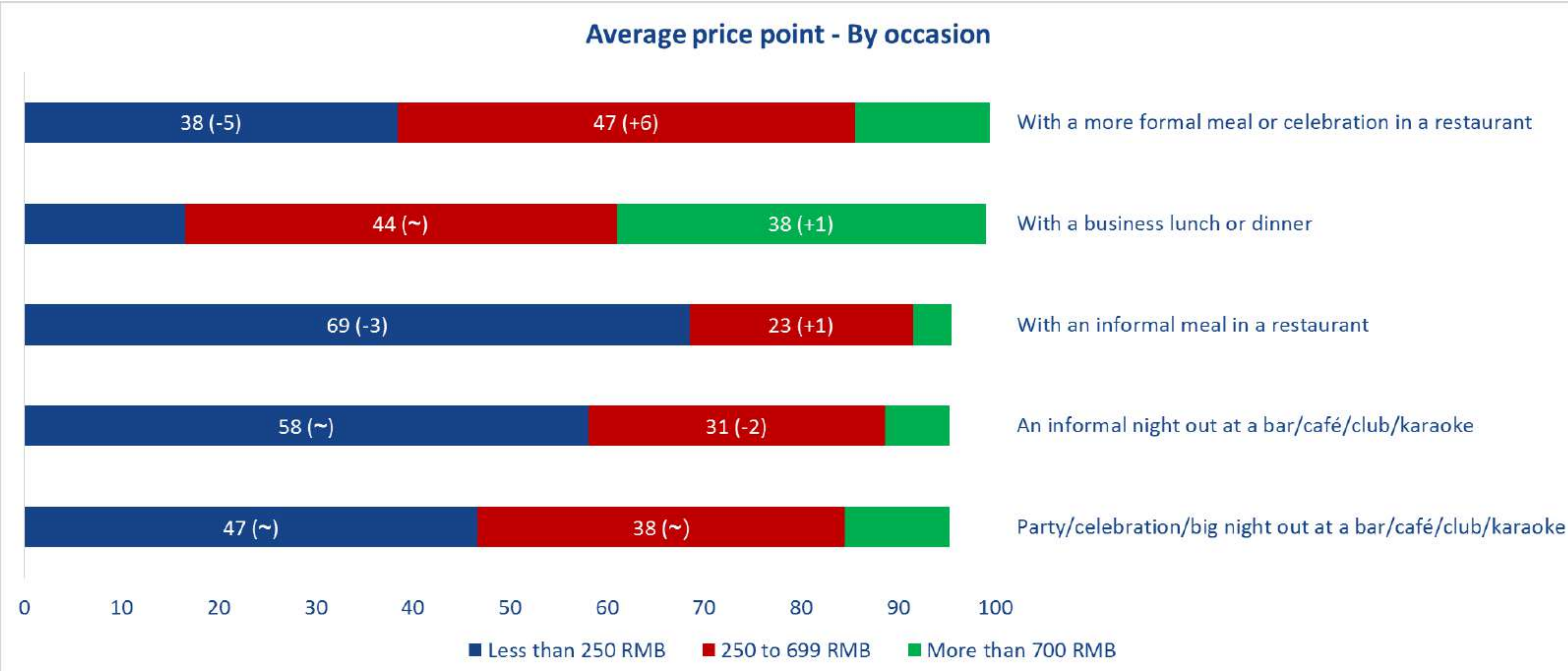
Restaurant still leading format for wine consumption with patronage fairly similar and unchanged across other formats. (% change from previous year in brackets)



Spend continues to be higher for business occasions compared to informal / social occasions and a trend to spend more on celebrations is evident.
(% change from previous year in brackets)



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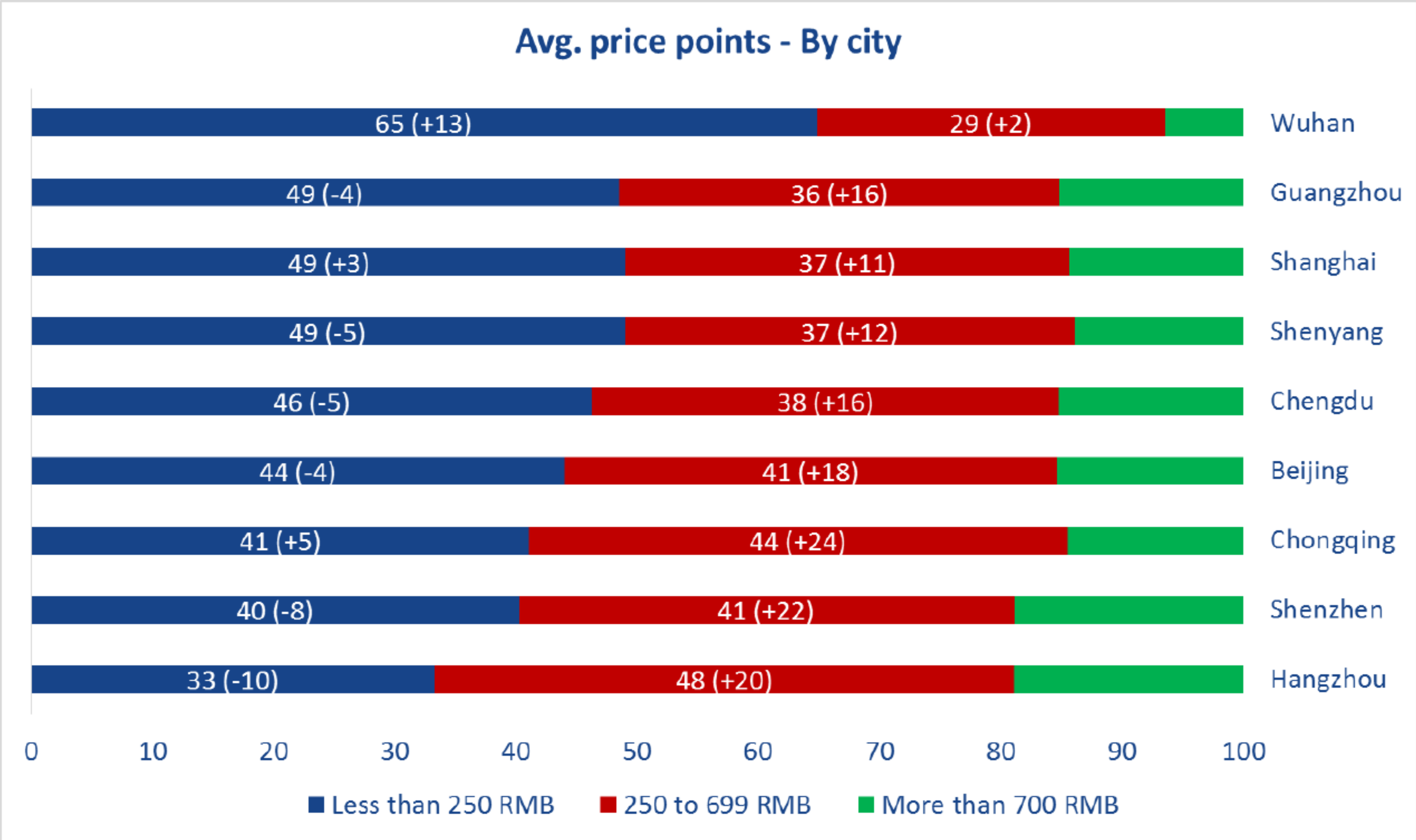
Overall trend is spending less compared to previous year, mid-level price points are growing.
(% change from previous year in brackets)



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Recommendations

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Tip #1

Tip #2

Tip #3

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Consumer insights in China

- **When**: Sunday 24th July 2016, 10am-1pm
- **Where**: Room Riverbank 2 – Adelaide Convention Centre
- **Speakers**: Patricia Williamson, Armando Corsi, Larry Lockshin, Justin Cohen, Sam Holmes, and Mark Rowley.

- For more information please visit http://www.awitc.com.au/program/workshops/ or contact Patricia Williamson – patricia.williamson@awri.com.au or Armando Corsi – armando.corsi@marketingscience.info

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