



# The Imported Wine Market in China 2018

January, 2018

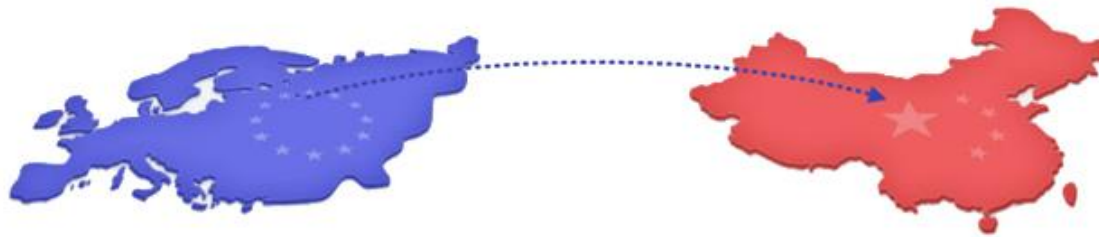
RAFAEL JIMENEZ

A project funded by the European Union



# Get Ready for China!

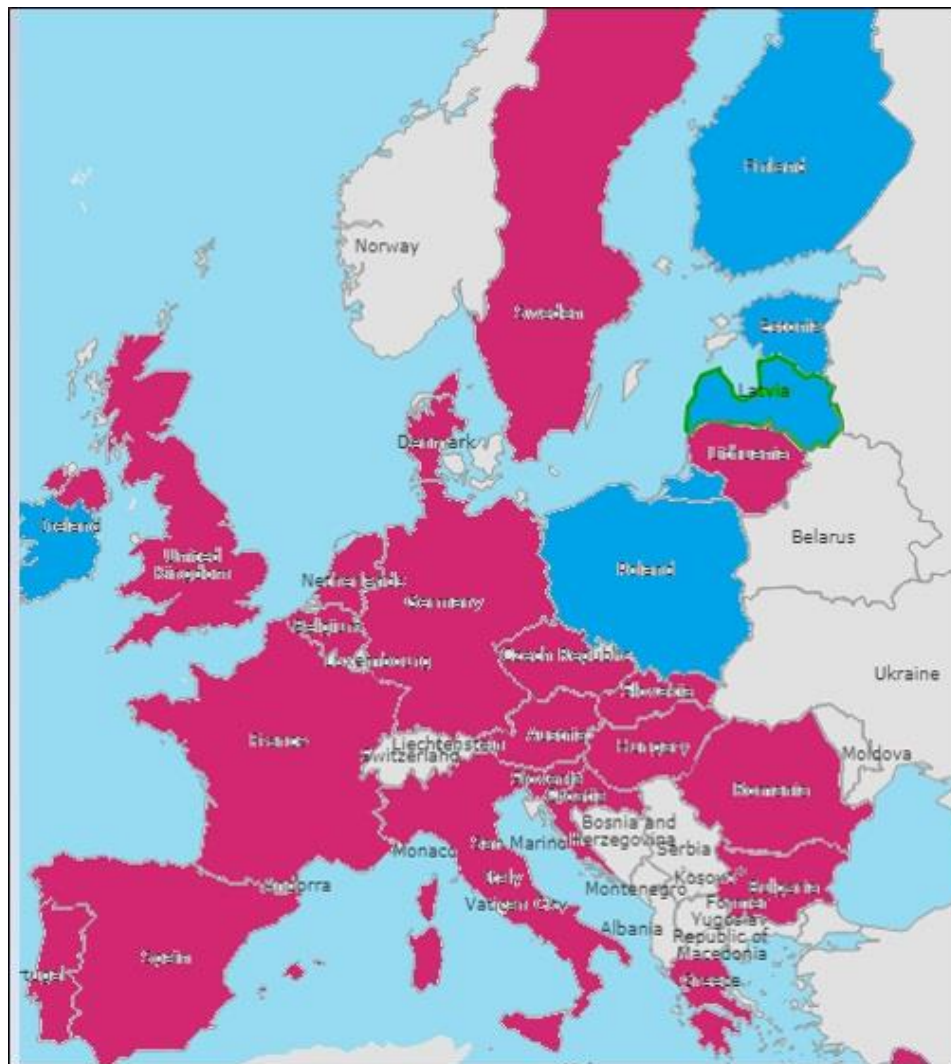
The EU SME Centre in Beijing is a project that helps European SMEs get ready to do business in China.



It is funded by the European Union and implemented by six chamber of commerce.



# EU World's Leader in Wine



Twenty-two out of the twenty-eight EU Member States did export wine to China in 2017

# 2017 Imported Wine in China

In 2017, China's total wine imports did grow **17.4** percent in volume and **18.3** percent in value over the previous year

# 2017 Imported Wine in China Highlights

## The Category

- Substantial growth of bulk wine imports both in quantity and in value; 25.5 percent and 40.8 percent
- Bottled wine imports moderated its growth, though it is still a 2-digit growth; about 15 percent in volume and value
- While growth of sparkling wine imports by volume is small, less than 5 percent, its value skyrockets a 33 percent
- Average CIF price per bottle of sparkling wine EUR 4 (USD 4.3); Average CIF price per bottle of still wine is of EUR 3 (USD 3.5);

The average *typical* bottle imported into China is a young red wine oaked for three months

# 2017 Imported Wine in China Highlights

## The Suppliers

- France, Australia, and Chile, again the top three suppliers
- Sparkling wine import is a matter of three EU countries, France, Italy, and Spain;
- Chile, Australia, and Spain, three main exporters to China of bulk wines;
- New entrants, such as Moldova, Montenegro, Russia
- Danube river wines have a say in China. Bulgaria is the country growing the most its exports of wine to China
- Old World/New World imported wines split is 56/44

# 2017 Imported Wine in China Highlights

## The Market

- Imported wine reaches the value of EUR 2.5 billion; attaining in 2018 the EUR 3 billion mark would mean a 10-fold increase in wine imports since 2008. It is equivalent to a sustained **26 percent** compound annual growth the last decade.
- Warm response of the market to all wine countries enjoying a FTA with China, even those lesser known such as Georgia whose growth has been of 45 percent in 2017;
- Online frenzy disrupts it all. Also the wine sales channels;
- Notoriety is still the key factor, *is it a known brand?* Remains as the most often used qualifier in online wine searches;

## The Market (II)

- Digital Marketing becomes a must to effectively market wines;
- Downward price pressure from wine importers; the average EXW price of a 75 cl bottle of wine is EUR 3 (USD 3.5). That hypothetical average bottle is pretty much equivalent to a young wine with three months in oak with a tag price on the shelf of CNY 100;
- Transition to a full cash-less economy almost completed.



# 2017 Imported Wine in China Highlights

## The Consumer

- The modern Chinese consumer drives the increase in consumption.
- Wealth comes with more choices for the consumers, fitting well within the diversity wines have to offer;
- Consumers demand value for money, hence the downward price trend of the average price per bottle of imported wine; if not under a FTA, the landed cost of a bottle of wine is almost 1.5 times the CIF price

# 2017 Imported Wine in China Highlights

## The Consumer (II)

- Chinese consumers as a whole still lack knowledge of wines; however, this largely varies per city and consumers' segment;
- Consumers' at inland cities (e.g. Chengdu) increase consumption at a larger pace than those on the Eastern strip of China;
- The Chinese consumer is a netizen fully connected round the clock via the smartphone and WeChat with the outside world. Eighty two percent of online purchases are initiated at the smartphone now.

# 2018 Forecast Imported Wine

Imports	Volume M hl	Bulk M hl	Bottled M hl	Value M USD	Bulk M USD	Bottled M USD
<b>2017</b>	7.5	1.81	5.69	2,800	159	2,641
<b>2018</b>	8.7	2.2	6.52	3,237	194	3,043
<b>2018/2017</b>	+16%	+21%	+14.6	+15.6	+22%	+15.2

**Table 2** 2018 Imported Wine Forecast

- Imports of wine in 2018 surpassing the 8 million hectolitres, including bulk wines
- In 2018 the total CIF value of imported wines will be above USD 3 billion for the first time ever
- Australia could join the USD 1 billion club, a status already achieved by France in 2016
- With an average CIF price of EUR 3 per 75 cl bottle, the imported wines in China capture about 30 percent of the total wine market value or EUR 24 billion

# 2017 Performance Still Wines

2017 Still Wine	Quantity litre	Value USD
	552,150,530	2,554,672,316

**Table 4** Still Wine Imports 2017

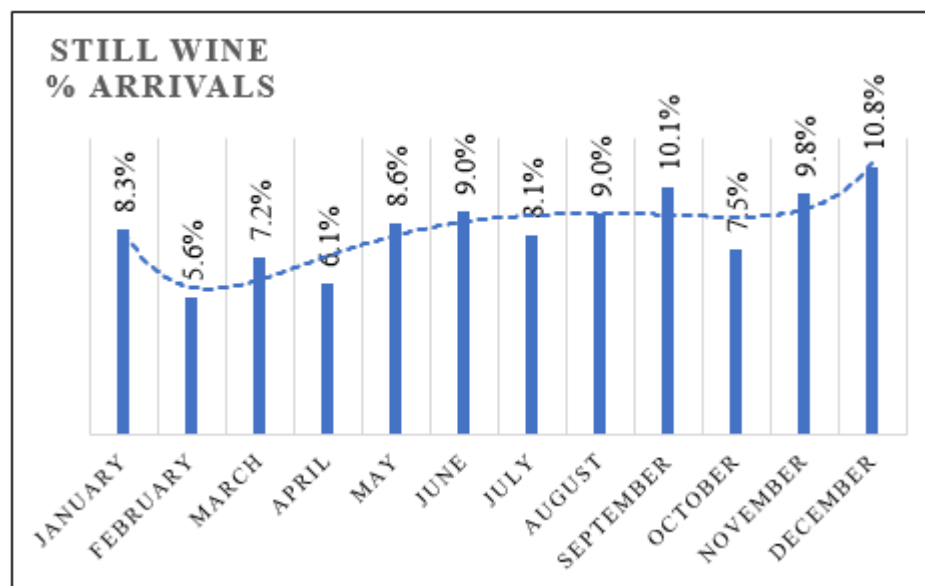
- Five wine countries make 90 percent of imports namely, France, Australia, Chile, Spain, and Italy.
- France holds the lead. It seems to prefer volume growth (+14.1%) rather than value growth (+8.8%). Quite a shift.
- All wine countries struggle to premiumise value over quantity

## Highest Growth in Value

Wines from Bulgaria. The growth in value is of 131 percent

## Highest Growth in Volume

Wines from Montenegro. The growth in volume is of 132 percent



# 2017 Performance Sparkling Wines

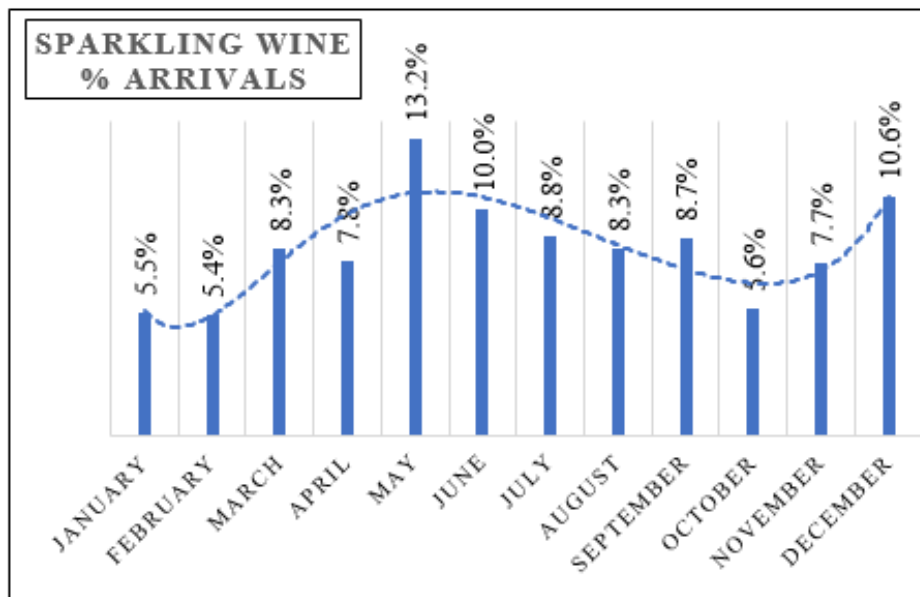
2017 Sparkling Wine	Quantity litre	Value USD
	13,105,081	75,266,671

Table 8 Sparkling Wine Imports 2017

**Highest Growth in Value**  
French champagnes, + 57 percent

**Highest Growth in Volume**  
Moldova wines. Volume increased fivefold in 2017.

- The most noticeable fact in 2017 was the 33 percent growth in sparkling wines value.
- The growth in volume was of less than 5 percent.
- Champagnes are back
- No typical import, two extremes
  - *Spumante* or *Cava* at EUR 2 CIF
  - *Champagne* at EUR 13 CIF



# 2017 Performance Bulk Wines

2017 Bulk	Quantity litre	Value USD
	180,573,280	158,889,553

**Table 12 Bulk Wine Imports 2017**

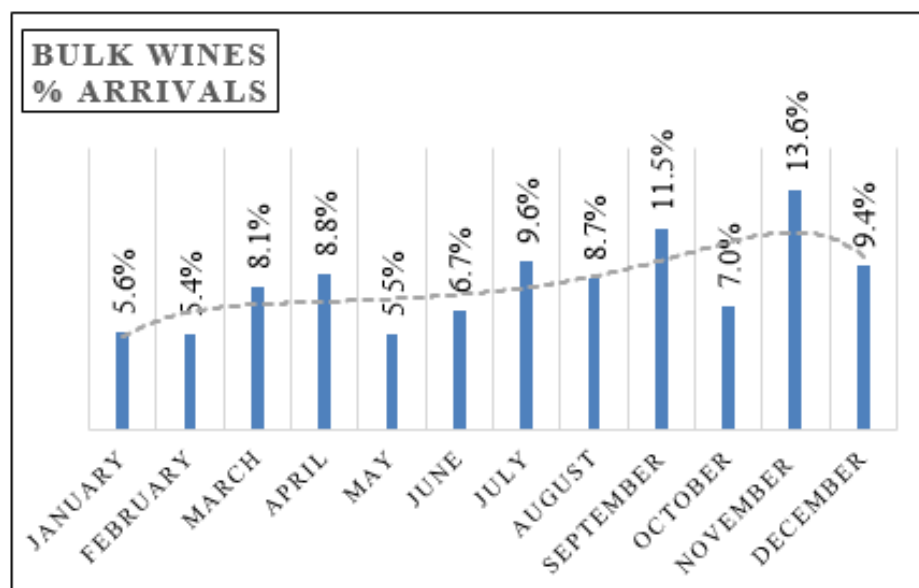
- Spain, Chile, and Australia account for 90 percent of imports
- It represents 18 percent of their total wine exports for Chile and Spain while it is only about 6 percent for Australia
- France got into the business too. In 2017 its bulk wines exports increased threefold

## Highest Growth in Value

Spain triples the value of its bulk wines exports, +243%

## Highest Growth in Volume

France triples the volume of its bulk wines exports, +252%





## 8 Conclusion

The imported wine business in China continues its **steady growth**. Albeit consumption per capita is still low a new generation of consumers allows foreseeing a gargantuan market. If high are the expectations so are the challenges. EU wineries in particular face tough competition from wine countries with better Customs duties due to FTAs, such as Chile, New Zealand, Australia or Georgia.

All wineries or wine traders that want to export to China must learn the market **access regulations** which are not difficult to meet. In addition to that, should get ready for China, **registering their brands** and trademarks. Before landing in China a thorough knowledge of the price tranches and sales channels must be acquired. Special attention to the dynamics and importance of **the online sales channel in** China is needed. It has no equivalent elsewhere.

Whatever is the marketing expertise of the winery or trader, the Chinese consumer surely needs a different approach. Learn the digital marketing aspects to engage the modern Chinese consumer and **get familiar with China's social network**. Take for granted that all of your competitors will be in China. Competition is ruthless but rewards can be high.

In terms of size, potential, and opportunity **there is not a second China**. China is likely to displace Britain as the world's second<sup>34</sup> largest wine consumer, in terms of value, by 2021. By then, China will be second only to the US. The EU SME Centre has vast resources available to you for a better understanding of the wine business in China. Browse our website [www.eusemcentre.org.cn](http://www.eusemcentre.org.cn) for reports, case studies, webinars, guidelines, and training wine related. Should any difficult question arise ask online to our experts.

**In short, we encourage you to consider selling your wines in China.** Twenty-two out of the twenty-eight Member States of the European Union are exporting wines to China.

# Imported Wine in China

## Quotes

### **Jointek Fine Wines – Importer and Wine Retailer. China wide**

*At Jointek we feel 2018 will be better and better and better. More Chinese consumers start to drink wine. Also, wine is preferred over other drinks when hosting guests, friends, or clients*

**Eva Ge – Operations Director**

### **Le Sommelier Intl – Importer. On Trade. Beijing, Tianjin, Shanghai, Suzhou**

*China interest on wines is growing. The market is getting more mature now. As a result, the modern Chinese consumer not necessarily searches only for the more well-known wine appellations*

**Emilio Muedra – Sales Director**

### **CHEERS Wines – Importer and Wine Retailer. China wide**

*Drinking wine has become a lifestyle among young Chinese consumers. They are curious to learn more about the different wines and taste. Prices are transparent and reasonable in the market through the different channels. Choices have increased a lot. The ultimate factor to build a brand name in China is build trust, selling good quality wines at affordable prices through reliable channels. Competition is big and aggressive. You have to be outstanding to be noticed.*

**Claudia Masueger – Founder and CEO**



# Imported Wine in China

## Quotes

### **Moët Hennessy Diageo China –**

*Based on the data of the last three years we are confident the consumption of sparkling wines, specially Champagnes, will keep growing for the next 5 to 10 years. As more consumers have the possibility to travel abroad, enriching their knowledge about fine wine, the demand for less commercial brands will definitely give more opportunities of growth to fine boutique Champagne houses*

**Tommaso Pierno – Sales Manager**

### **Degustar International Wine Consultants**

*The wine market in China has an steady and continuous growth. Even if changes in regulations may lead to a slowdown it will be for a short period only. Although figures are very promising knowing the market is key. The market knowledge includes social media, which must be a crucial part in market strategy*

**Jorg Philipp – Founder**

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