

Are Australian wines well known in China?

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Communications to Chinese wine drinkers about Australia's premium offering needs to be improved, lest we continue to possess the reputation of making and exporting the best wine that few Chinese people have heard of.

The Grape and Wine Research and Development Corporation (GWRDC) identified in July 2012 the need to better understand the attitudes, perceptions and behaviour of Chinese wine drinkers to help the Australian wine sector better compete in this growing market. This article reports on findings from one of the several China wine projects managed by the Ehrenberg-Bass Institute (EBI) and generously funded by the GWRDC. The China Wine Barometer (CWB) is a three-year tracking study conducted twice yearly across six cities in China to map the evolution of Chinese wine preferences and to measure the position of Australian wines, regions and grape varieties compared with our major competitors. The project is conducted in partnership with Wine Intelligence (WI), uniting the research skills of the EBI with WI's market accessibility.

China will play a pivotal role in the future success of the Australian wine industry. Recent statistics show that China is the fastest growing wine market in the world. Australian bottled wine exports to China grew by 15 percent to 35 million litres at the end of 2012 and the average value of bottled exports increased to A\$6.39 per litre, +6% compared with 2011. Australia is the second biggest bottled wine exporter to China after France, with 15% market share in value and 13% in volume in the imported wine market (Wine Australia 2013). This all sounds pretty good. Australia must be effective in its China market strategy, right? Primary data collected in the first wave of the CWB in March 2013 tells a different story.

Anyone reading this article is likely to have a solid knowledge and interest

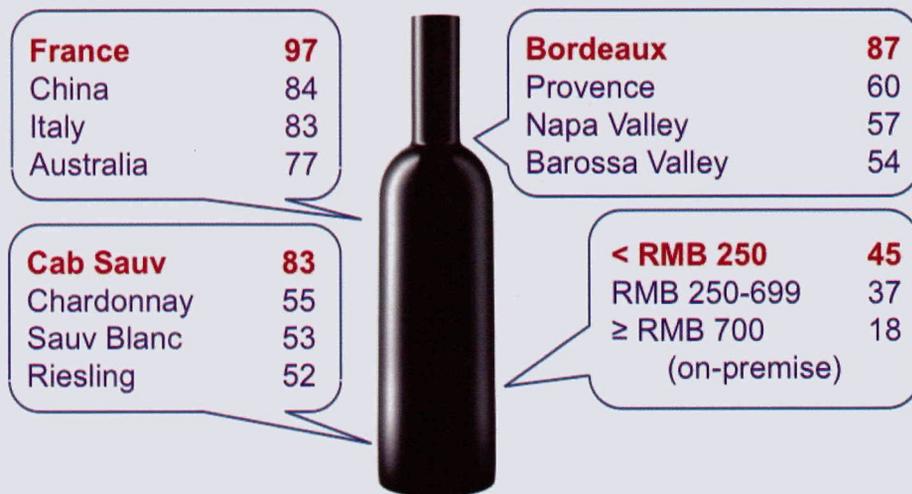


Figure 1. Wine awareness in China (based on % 'aware' or % spending on-premise).

in wine. It would be safe to say that wine consumes your life professionally. In your personal life, wine is a part of celebrations, commiserations or just a ritual drop at the end of a day's work. We must be careful not to impose our beliefs, attitudes or thought structures on an average Chinese wine drinker. We have to be realistic about the development of the Chinese market. There are many passionate pieces that exist in various forms of media that glorify the Chinese wine experience, tout their knowledge and value as consumers and extoll the perfect wine pairing between a particular wine style and Chinese cuisine from a particular region. It is great to be optimistic, but at the risk of getting ahead of ourselves, it is important that a logical, rational and scientific approach to understanding consumer preferences be applied.

The data presented in this article was collected in March 2013. The sample consisted of 913 respondents,

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, and Wuhan who drink imported wine at least twice a year.

Figure 1 illustrates Chinese awareness for country of origin, regions of origin, grape variety and proportion buying at different price points.

It can be concluded that the quintessential bottle of wine is a French Cabernet Sauvignon from Bordeaux, priced below RMB 250. The collective marketing activities of the Australian industry should be commended. Three-quarters of the wine-drinking population are aware of Australia as a producing country. What becomes a concern is that the most well known Australian wine region in China, the Barossa Valley, is only known by just over half the wine drinking population, and our

celebrated grape variety Shiraz/Syrah is only known by about one-third of Chinese wine drinkers. This indicates the challenge that exists for our premier region and grape variety. It can be extrapolated that the challenge is greater for our lesser known varieties and regions. Although Chinese wine drinkers are obviously buying Australian wine, their knowledge is quite low.

Countries of origin perceptions were further investigated using a pick-any method (Driesener and Romaniuk 2006). This method measures the perceptions consumers have about products (in this case, wine-producing countries) in relation to different product dimensions (taste profile, distinctiveness, wine types, consumption occasions, labelling, packaging and price). It is a method of testing what attributes are in the mind of a typical imported wine drinker. Figure 2 demonstrates that France dominates mental availability, being the most salient of wine-producing nations, using a sample of product characteristics to illustrate this point.

Chinese consumers can easily connect French wines with the various product characteristics measured. When consumers consider a particular aspect of a wine, France tends to always be 'top of mind'. This method is powerful in that it can also identify different positioning for each country. For example, while France is dominant on virtually all cues, it is poorly associated with the term 'taste the same' and other commercial descriptors, suggesting its premium perception. Both Italy and China follow behind France in the number of associations, which means they are more mentally available to Chinese wine drinkers than Australian wines. However, Australia is unique in that while being top of mind slightly less than Italy or China, the connections are balanced across all cues and don't lean in a particular direction, suggesting a broad position for Australian wines.

The product characteristics used in this study were grouped into two categories: commercial and premium attributes. Commercial attributes include elements such as 'easy to drink', 'boring', 'good to drink at home', 'good value for money', while premium attributes comprise terms such as 'complex', 'exciting', 'suitable to drink at fine dining restaurants', 'expensive', etc. We counted the average number of times each respondent selected any of the commercial and premium items

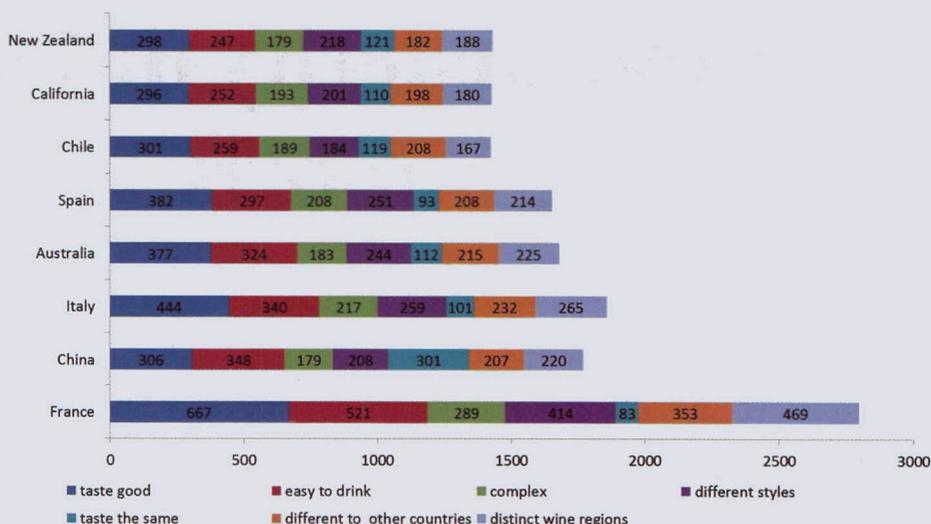


Figure 2. Mental availability of wine-producing nations in China.

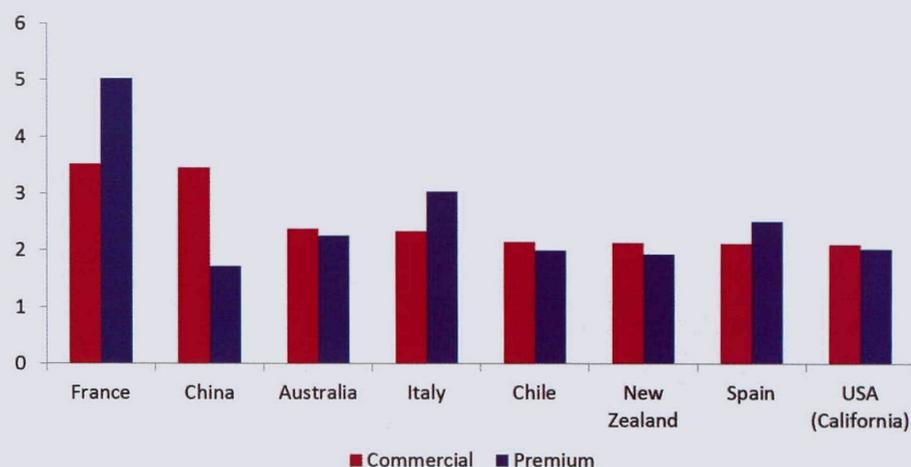


Figure 3. Commercial vs. premium wine associations - by country.

for each country of origin, providing a measure of the inclination towards each of the two images conveyed by each country. Figure 3 presents the perceived value position of key wine-producing nations in China.

France clearly communicates a premium image, while China has a strong commercial positioning. As for Australia, the country is currently at a watershed. The premium and commercial positions are roughly equivalent. There is confusion in China about what Australia stands for. The industry needs to decide strategically what future actions will be taken in China and how these perceptions might be shaped.

What the results of this research indicate is that Australia and other wine-producing nations are losing significantly to the French in dominating the minds of Chinese wine drinkers. This article should hopefully serve as a call to action for

the industry as a whole to focus on the battle for mental availability. Australia is obviously gaining physical availability by placing wines in retail stores and restaurants and wine bars. But we are failing at gaining recognition and awareness by the specific segment we want to target and grow. This means improving our communications to Chinese wine drinkers and the trade, especially of premium-type characteristics. If this issue is ignored, many of us will continue to possess the dubious title of producing and exporting the best wine to China that few people have heard of.

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