



WSET
ALUMNI

Internet and Social Media in the Chinese wine market

Prepared by:
Wine Intelligence for WSET



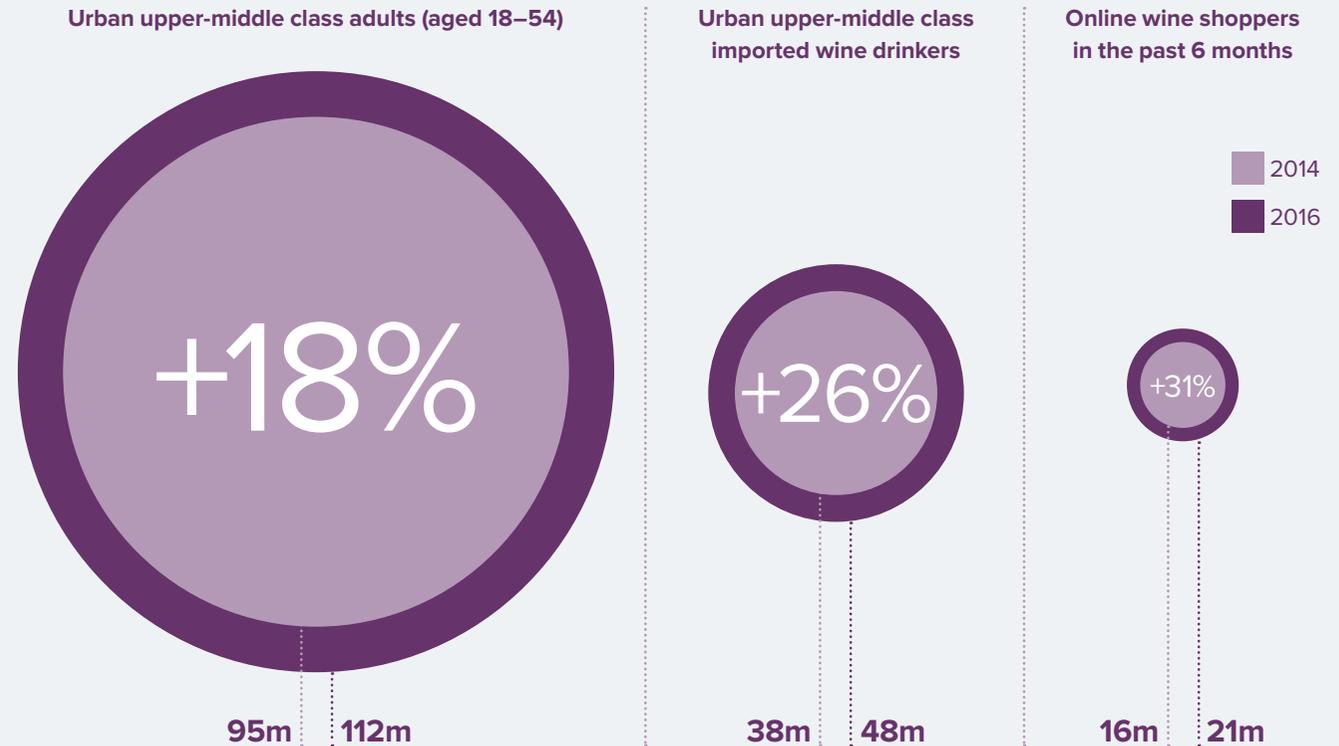
Overview of China Internet usage

With approximately 21 million wine buyers online, China can confidently lay claim to being the world's largest and fastest-growing e-commerce market for wine. Almost half - 49% - of China's urban upper-middle class wine drinkers purchase wine online; to put this in a wider context, only 25% of UK wine drinkers buy online, just 15% in Germany and a scant 11% in the US. As a result, China leads in terms of both number and proportion of wine drinkers using the Internet for their wine purchases.

To discover how this translates into online wine sales, Wine Intelligence conducted their own research in March 2016. We collected data from a sample of 1,040 urban upper-middle class wine drinkers aged 18-54 years old, who drink imported grape-based wine. We asked them about their online channel and retailer usage, purchasing habits, and motivations for buying wine online.

Our findings? That the Internet has now surpassed supermarkets and department stores to become the second most popular channel to buy wine and that in this market, mobile is king.

Changes in the number of wine shoppers online in China from 2014 to 2016



Samples for this report collected from

1,040

urban upper-middle class
wine drinkers



imported grape-based
wine drinkers

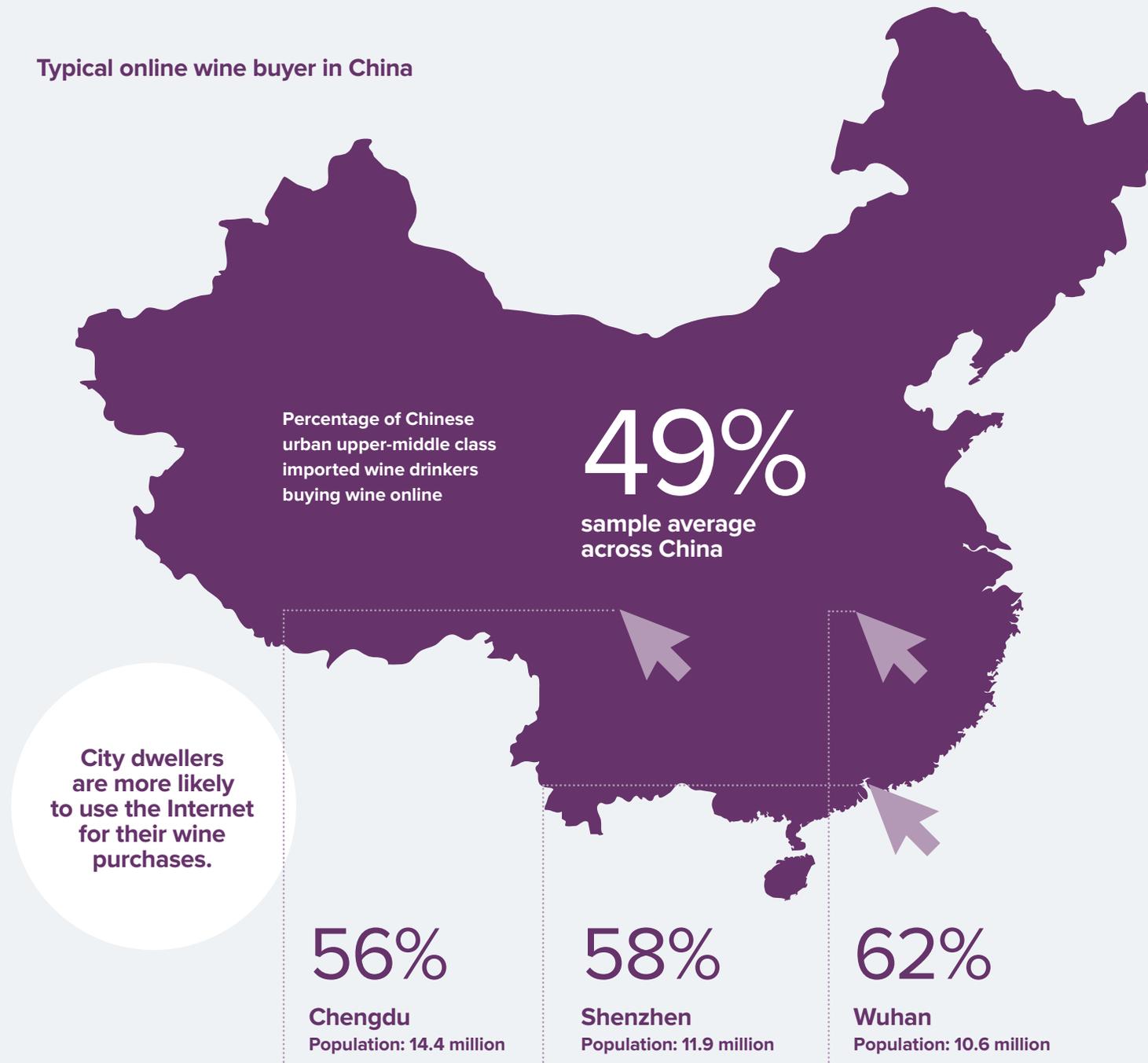
18-54

years old living in China

Demographics: Who buys wine online

Our research helps sketch a portrait of the typical online wine buyer in China. We found that 62% of Chinese urban upper-middle class imported wine drinkers in Wuhan, 58% in Shenzhen, and 56% in Chengdu, have bought wine online. This is significantly higher than the 49% all sample average, showing that city dwellers are more likely to use the Internet for their wine purchases. Our research also revealed that online wine shopping is slightly more popular among males than females, and is significantly more popular among 18-29 year olds than 40-54 year olds.

Typical online wine buyer in China



Six distinct types of Chinese wine drinkers of imported wine

% of population of Chinese urban upper-middle class imported wine drinkers

Base = All Chinese urban upper-middle class imported wine drinkers (n=2,029)



Wine Intelligence's detailed segmentation identifies six distinct types of Chinese drinkers of imported wine, each representing one typical set of behaviour and relationship with wine. Though they only represent 7% of our sample, Adventurous Connoisseurs – high-spending, frequent wine drinkers who are confident in their wine knowledge and have a broad repertoire of source countries, regions, varietals and brands – also over-index significantly, with 68% having bought wine online in the past 6 months.

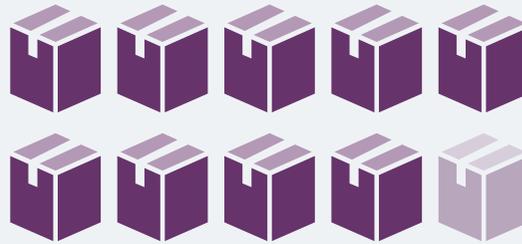
Purchase motivation and behaviour: Why and how they buy

When we investigate why consumers are drawn to purchasing wine online, 3 of the top 5 motivations are price influenced; imported wine drinkers indicate that wines online offer better value for money, there are more discounts and sales on wine online, and prices are more transparent. A diverse product range and ease of delivery process round out the top motivations. A wider repertoire of beverages goes some way in explaining the Adventurous Connoisseurs' high use of online retailers: their tastes are broader.

What does a typical online wine order in China look like? On average, Chinese online wine shoppers buy wine on the internet between 9 and 10 times a year, order nearly 5 bottles each time, and spend around 324 RMB per bottle.

What are the characteristics of online shoppers?

Average order frequency



9–10 orders per year

Average order quantity



5 bottles per order

Average order spending



324RMB

per bottle

↔ Approximate currency equivalents
(at current exchange rate April 2017)

£38 , \$47 , €44

Top retailers for wine

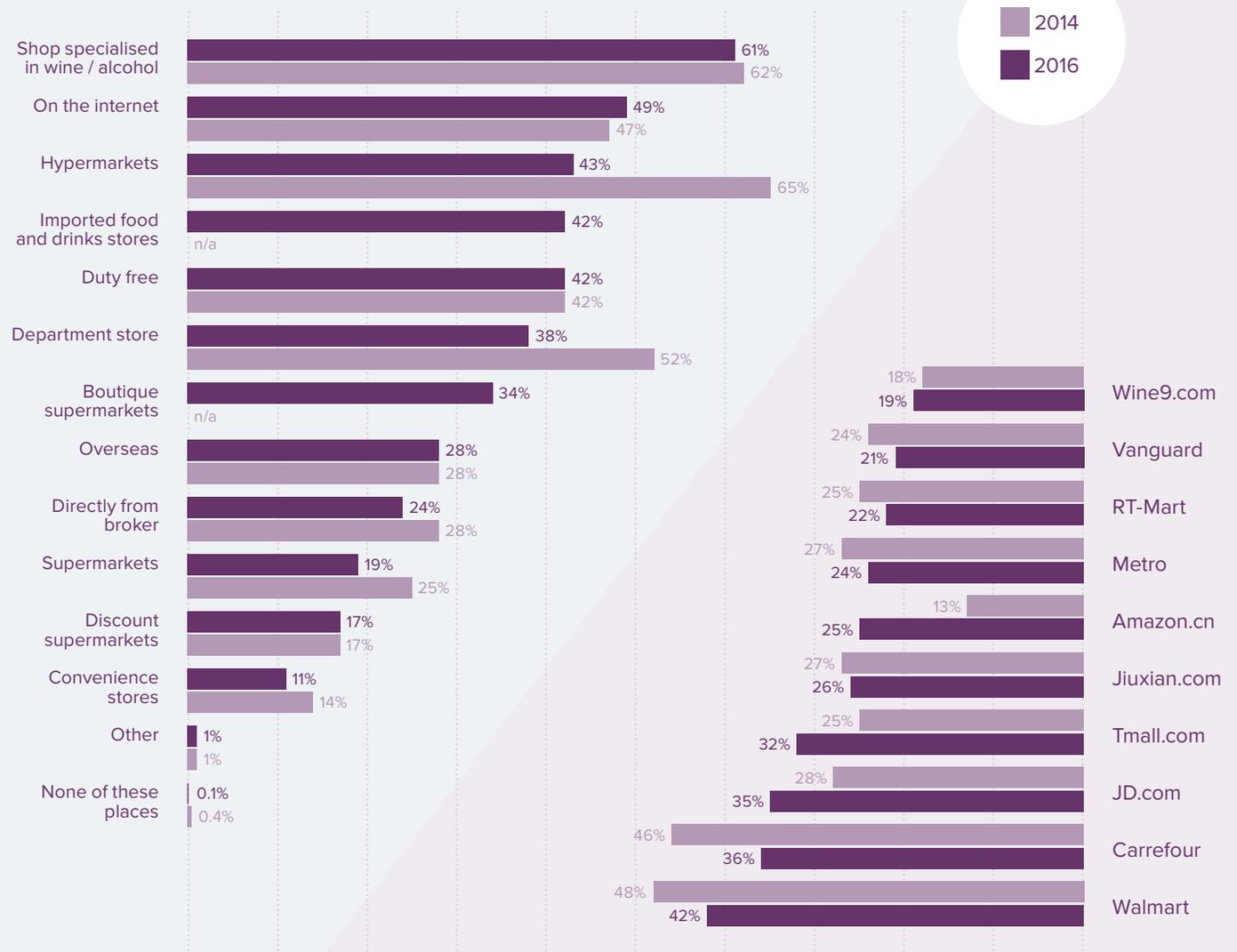
Our tracking study of channel usage shows that the Internet is the second most used channel for purchasing wine, behind specialist wine shops. Hypermarkets such as Walmart and Carrefour have seen significant declines in channel usage as people move online, while departments stores have also witnessed a sharp drop in custom.

With most wine drinkers opting to go into a specialist wine shop when looking to pick up a bottle or two, one might expect specialist retailers such as Jiuxian or Yesmywine to be the most popular choice online. In fact, of the top 5 retailers used for wine purchase, multi-category Chinese online marketplaces JD.com and Tmall.com place in 3rd and 4th position respectively (after foreign hypermarkets Walmart and Carrefour). While 35% of those surveyed had purchased wine from JD.com and 32% from Tmall.com, just 25% had used spirits specialist Jiuxian. Our work with focus groups tells us that consumers trust the service, delivery and support JD.com provides, and that they have fewer doubts about the authenticity of the wines sold on the platform than other retailers.

Channel usage for wine purchase: tracking 2014–2016

% who have bought wine from the following channels in the past 6 months

Base = All Chinese urban upper-middle class imported wine drinkers (n>1,004)



Retailer usage for wine purchase: tracking 2014–2016

% who have bought wine from the following retailers in the past 6 months

Base = Those who have bought wine in the off-trade

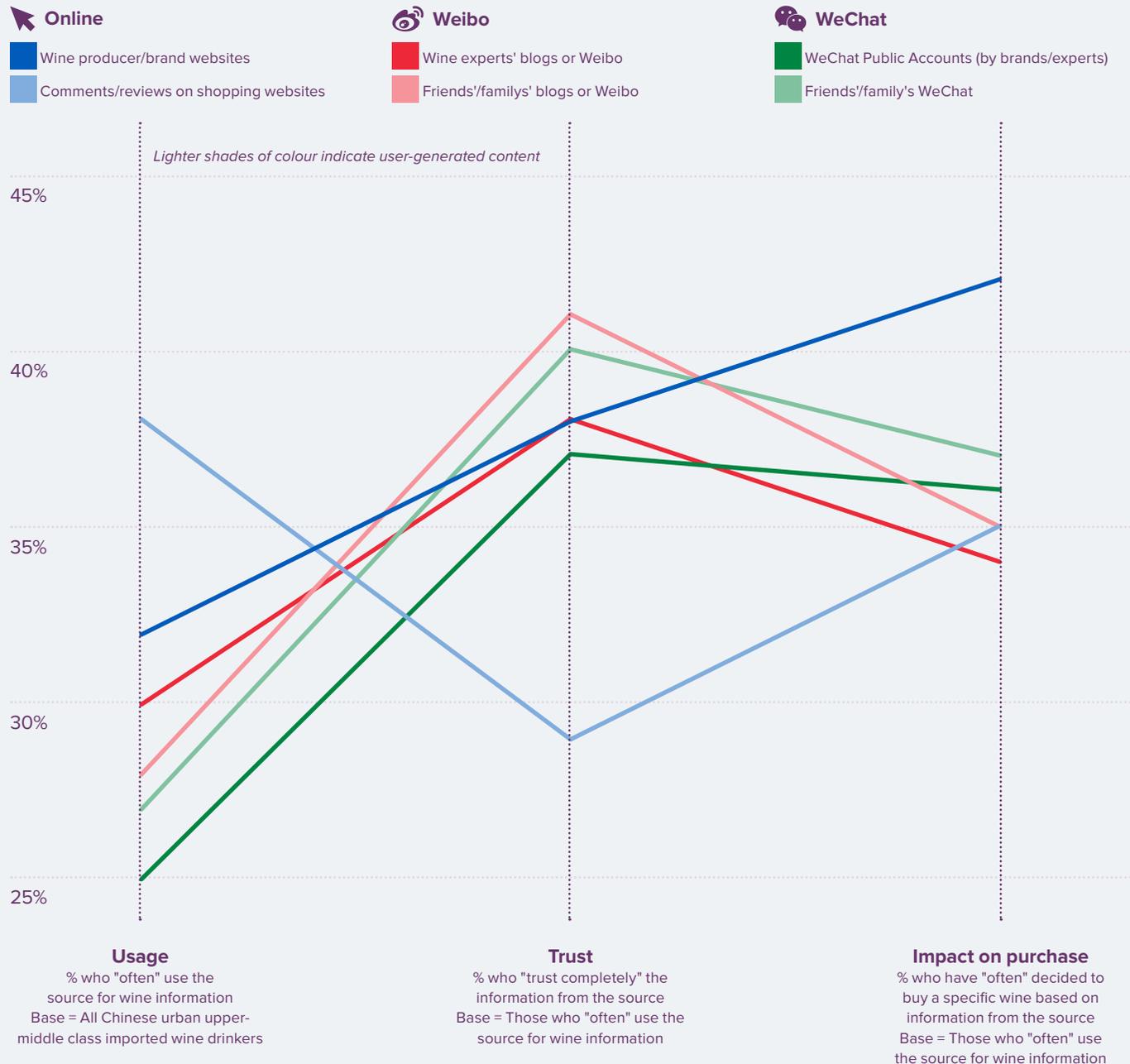
Social Media

Wine Intelligence collected information on social media habits from our sample, allowing us to identify people who use China's two largest social media platforms, Weibo and WeChat, often. Weibo's closest Western analogue is Facebook, though the microblogging platform shares features with Twitter too. WeChat is a mobile app more akin to a supercharged WhatsApp that you can use to order taxis, pay bills and even schedule doctor appointments.

Posts and discussions on WeChat (either from friends/family or brands) have profound influence over consumer's decision to purchase a specific wine, with 41% indicating this as their most trusted source for wine information. In contrast, comments/reviews on shopping websites are the least trusted source with just 29% trusting them completely. Despite this low level of trust, comments/reviews still exert influence on purchase.

The most influential source of wine information, however, is wine producer/brand websites. These are tightly controlled forums of information, a world away from the highly personal opinions and reviews of fellow consumers. Producer websites boast the highest impact on purchase choice and are also reasonably well-trusted (38% "trust completely" the information found there). For a consumer base so connected to the web, a comprehensive and well-branded website provides a much-needed reassurance cue.

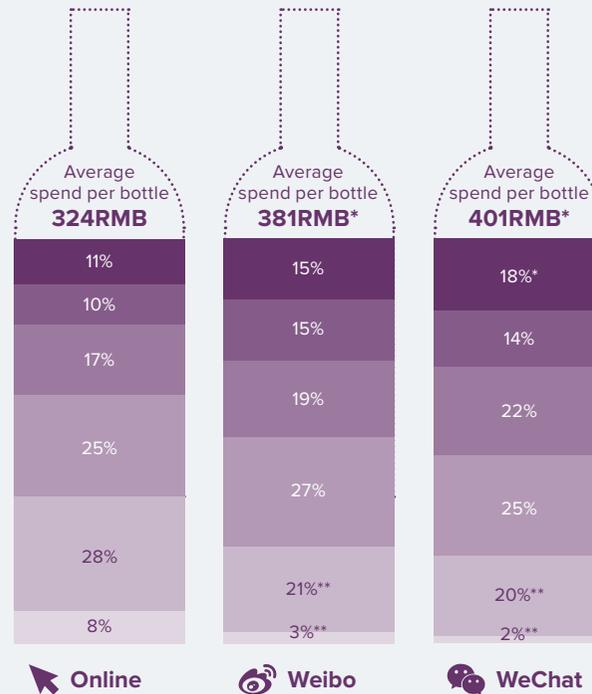
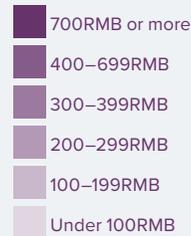
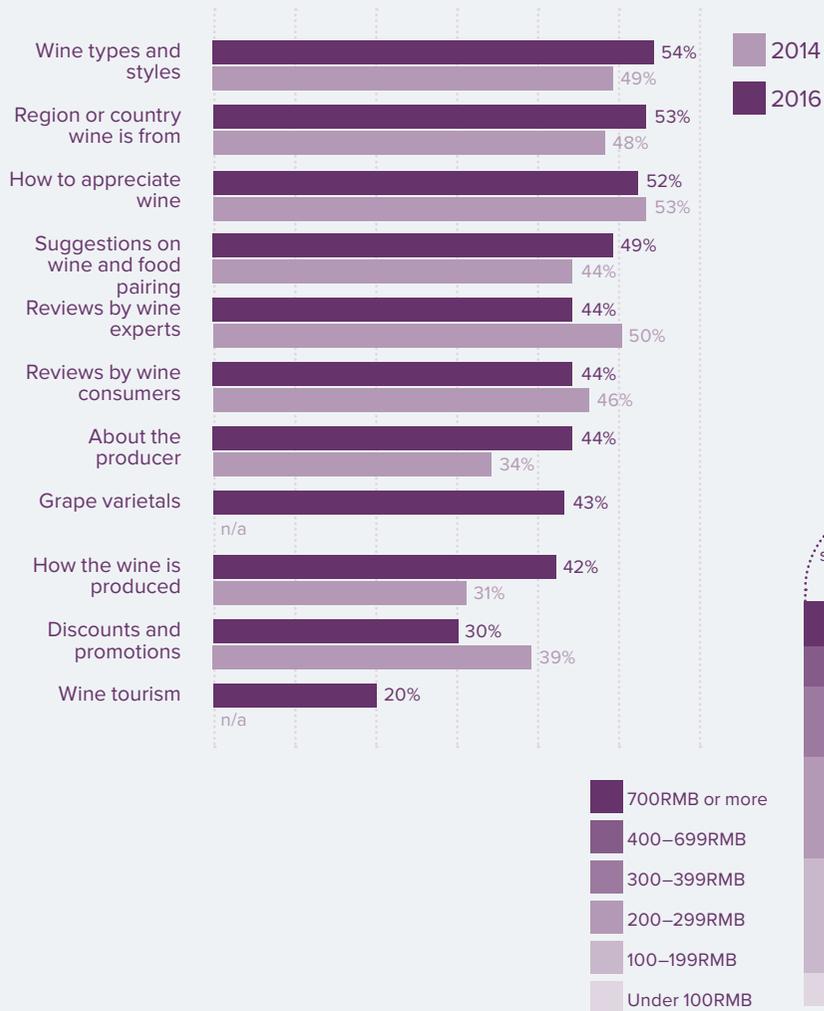
Usage Trust Impact Data



Desired wine-related information online: tracking 2014–2016

% who rank the following among the top 5 types of information they want to see online

Base = All Chinese urban upper-middle class imported wine drinkers (n>1,004)



Typical spend per bottle online: Weibo and WeChat users

% who spend the following amounts on a bottle of wine bought online

Base = Those who have bought wine from the internet in the past 6 months

Statistically significantly * higher / ** lower than online shoppers at a 95% confidence level

When we compare Weibo and WeChat users' preferred source for wine-related information to those of the average imported wine drinker, we see significant differences in behaviour. People who use Weibo and WeChat often are significantly more interested in reviews by wine experts and information about wine tourism than the market average. Regular Weibo users also demonstrate significantly more interest in information about how the wine is produced (47% against 42% all sample).

Strikingly, those who often use Weibo and WeChat to learn about wine tend to buy wine online more frequently, order more bottles each time, and spend more per bottle than the market average. That their higher engagement with the wine category through social media results in higher spend is both expected and welcome news.

The future

Though there may be signs that China's meteoric growth may be slowing, we can be confident that there are plenty of opportunities yet to be exploited, especially in rural areas where online and e-commerce penetration remain relatively low, and in lower-tier cities where wine consumption has yet to become mainstream. Even in higher-tier cities with high e-commerce adoption rates, there is significant room for online shoppers to shop more often and spend more on each order, as retailers overcome shoppers' concerns, offer new levels of value and customer experiences, and leverage social media to influence consumers' decisions.



Prepared by Wine Intelligence for WSET
© WSET 2017



WSET
ALUMNI