China - this isn't the time to pat ourselves on the back

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The findings of a suite of research projects at the Ehrenberg-Bass Institute at the University of South Australia have provided the Australian wine industry with a substantial body of knowledge to improve the appeal of Australian wines in China and to Chinese visitors to Australia. But there's still more work to be done in this rapidly-evolving market.

For more than four years, Wine Australia has generously supported a team of researchers at the Ehrenberg-Bass Institute of the University of South Australia to improve the understanding of the Chinese wine market. Four separate projects have been funded and reports are available for download from www.wineaustralia.com/research and www.marketingscience.info/wine. This journal has graciously published 13 articles on our collective China research. Back issues can be referred to for detailed summaries of our findings. The foci of these projects have been:

- tracking Chinese wine buying behaviour
- developing a Chinese lexicon for wine
- optimising wine education protocols for novice Chinese wine drinkers
- measuring the effect of Chinese tourist cellar door experiences.

These projects have contributed fundamental knowledge towards improving how Australian wines can be better orientated both back in China and to Chinese visitors to Australia.

The China Wine Barometer has established benchmarks of awareness and perceptions of Australian wine amongst its competitors in China, as well as identifying patterns of buying behaviour in both brick and mortar and online retail channels.

The Chinese Lexicon Project has established how Chinese wine drinkers navigate tasting terminology and shows that even regular drinkers in China are much more likely to use generic rather than specific taste descriptors to describe wine. This suggests we may be wildly ahead of ourselves focussing on detailed wine education with the masses. Lexical equivalents have been verified to help the industry engage with Chinese consumers where strategically necessary, in a more Chinese manner. Wine Australia has developed and launched the Australian Wine Flavour Card based on this research.

Our work on wine education protocols using Chinese international students as a proxy for novice wine drinkers back in China has elucidated the most effective pathways to structure education. From an economic perspective, the project has shown the diminishing return of multiple education touchpoints. This suggests that the single masterclass is the most cost effective process to effect positive change to perceptions of the Australian category in a huge market like China.

The cellar door research has demonstrated the potential value of Chinese visitation. Chinese tourists who have a cellar door experience have a higher propensity to buy Australian wine for at least six months post visit. With advances in the accessibility of Chinese social and digital platforms by foreigners, capturing Chinese cellar door visitors' details and continuing a conversation with them after their departure from Australia could prove fruitful for increasing the sale of Australian wine back in China.

The findings of this suite of Chinese research projects are substantial. However, this isn't the time to pat ourselves on the back. China is a rapidly evolving market. It should be thought of in dog years: one year in China is like seven years anywhere else. We need to consistently work to update our market knowledge until development in China normalises. Replication and extension are paramount. To be clear, we don't mean just the development of the wine market, but more broadly the development of the country and the need to establish an evidence-based understanding of how Chinese consumers search for information, shop, purchase and consume products. The wine category is somewhat restricted in knowledge, but even the biggest categories and the richest multinational manufacturers are lost to a certain extent in the abyss of poor data access and questionable insights to develop and implement brand and category development strategies. At present, virtually all consumer wine research in China is limited in scope. The sampling that occurs with varying specification usually relates to regular drinkers of imported wine.

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Let us first focus on the positive. There is now a significant body of knowledge that Australian brands can use to effectively market to the Australian category's current consumers. This is good. However, there is virtually no data available that empirically demonstrates how to grow the base of Australian wine buyers in China. Sharp (2010), in his seminal book *How Brands Grow*, in chapter four 'Which customers matter most', addresses the importance of increasing penetration as the pathway to growth through a focus on light and non-buyers. Shifting a shopper to making a purchase once versus never in a time period or nudging a one-time buyer to buying twice rather than focussing on heavy buyers is the pathway to growth. Sharp and Romaniuk (2016) in *How Brands Grow: Part 2* extended this to emerging markets including China using a number of categories, but wine was not one of them.

Wine Australia has provided the Ehrenberg-Bass Institute at the University of South Australia with further funding to extend its research in the China market and investigate how to increase the demand for Australian fine wine. Photo: Wine Australia

Wine Australia has funded our research team to extend our work in the China market. In 2017 and 2018 we will be investigating how to increase the demand in China for Australian fine wine. According to the Wine Australia Market Bulletin (Wine Australia 2016), mainland China is our number one export market accounting for roughly one-quarter of total export value. Our goal is to help Australian wine brands grow further in China. This is a comprehensive project that will incrementally build new knowledge to cohesively link mental and physical availability research in order to identify levers that will help increase the demand for our great wines, especially among light or non-buyers of Australian wine. Future articles in this journal will summarise the key findings of this project stage by stage. Over the next 18 months, we intend to increase our industry's body of knowledge beyond our current customers, in more cities and in more channels by identifying viable growth pathways. This is where the battle will be fought and where Australian brands can win.

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