

The Chinese Taste for Wine

Laurent Guinand

What is the Chinese taste for wine? Until a few years ago, there *was* no Chinese taste for wine—the market did not exist.

Although wine is still not a dominant alcoholic drink in China, looking ahead, the picture is changing. Strong economic growth in China, along with the country's increasing openness to the rest of the world, have provided significant new opportunities for Old World and New World wineries.

French and Spanish vintners have already staked out some territory, but there is ample room for others to exploit this rapidly expanding economy. The expected growth of wine consumption and the sheer size of China's consumer base make it a prime target. Furthermore, the entry of China into the WTO translated into a drastic reduction of taxes and tariffs, creating serious export advantages.

So—What *is* the Chinese taste for wine?

Through my wine education and research practice, I have had the opportunity to do primary and secondary research about taste preferences in China. My clients were wineries determined to take advantage of that country's potential markets. I also had the good fortune to connect with a network of Chinese immigrants in California, mostly executives in Silicon Valley. I presented two wine education seminars, and surveyed them regarding their purchasing habits, preferred tastes and wine knowledge. My hypothesis for this article is that the transplanted Chinese in California are a good proxy for the future behavior of



The Chinese vastly prefer red wines with their meals, and the sweeter, the better.

Chinese consumers in China. By conquering the Chinese segment in Northern California, you will improve your odds of penetrating the Chinese market in China.

The Wine In China

When people talk about wine in China, a few practices immediately make wine enthusiasts grind their teeth. Without a grape and wine tradition of their own, the Chinese first perceived wine as a healthy and lower-cost alternative to other high-end drinks, such as imported brandy or Chinese spirits. Chinese wine drinking habits differ from those of the West in that wine is downed in one fell swoop (like a shot), or mixed with lemon, ice or Sprite to achieve a

sweeter taste. (That's especially true with red wine, which Chinese consumers overwhelmingly prefer to white wine.) These are not like American swirlers and spitters who carry their own Riedel stemware to vertical Merlot tastings.

Wine purists may scoff, but who can ignore a market where the average consumption per capita was 0.2 liter per year in 2003 and is growing dramatically, and where the addressable market for wine sales is estimated at 200 million people? A revolution is unfolding in the Chinese hotels, restaurants and clubs of large metropolitan areas such as Beijing and Shanghai, where foreigners and Chinese “yuppies” are learning about wine

and developing new purchasing patterns once reserved for a sophisticated, Western elite.

This revolution has more to do with the Gold Rush than any cultural or agricultural reform familiar to this country. Understanding the Chinese taste for wine is critical to becoming a key player in this revolution.

The Chinese And Wine In California

My understanding of wine comes from a lifetime of being steeped, almost literally, in the stuff. I was born and raised near Beaujolais. As I grew up, my parents drank wine every day. This is quite typical in most French households. In addition to nice bottles for his wine collection, my dad would buy large containers of wine directly from the winery. I would accompany him to these wineries, and remember the big barrels and the smell. At home, I would go down to the cellar every day to retrieve a liter of wine from the container for dinner.

Everyone around me talked about wine and food all the time. Friends would congratulate my parents on the wine and food pairing for their dinner party, or recommend a specific wine that was a true find on their summer vacation in a wine region. Family members would take an emotional stand for Burgundy or Bordeaux. I started to try wines when I was 16. But I became really interested when I landed my first job, which was in wine marketing.

However, to my audience of Chinese immigrants in California, all of this was completely foreign—in the words of one of my clients, “A grape is a grape is a grape.” Northern California Chinese executives most often were introduced to wine in their adult lives through dinner with clients or at friends’ homes. Their knowledge acquisition about wine was not progressive like mine, but an immediate immersion into a strange world where wine knowledge is prized as a sign of social sophistication.

Therefore, business dinners are major motivations to learn more about the world of wine. I was also told that some Chinese started to drink wine because their doctor told them that moderate consumption was good for the heart. By extension, any argument about the health benefit of wine consumption was well received. As these expatriates are more exposed to wine, however, they want to discover and develop their own preferences, and welcome the help.

As I was reflecting on these wine discussions in San Francisco, and considering how one extrapolates wine marketing from Silicon Valley to Shanghai, I realized I had to discard my own assumptions about wine and learn more about what makes the Chinese wine consumer tick. So I started by asking a lot of questions....

Consumption Patterns

Everyday wine consumption is almost nonexistent. The primary reason to purchase wine remains gift giving, whether for friends and family or for

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a party. While Chinese immigrants are heavy online buyers, they almost unanimously declared that they would rather purchase wine at a physical shop.

Because they do not know much about wine, they want to try it before buying it, which is impossible online. Stores that offer samples obviously have an edge with the Chinese consumer. They indicated a strong preference for purchasing wine from discount stores such as Trader Joe's, Costco or CostPlus World Market. Because the vast majority of their wine buying is impulsive rather than planned, they tend to buy the wine where they shop for other items, such as ethnic food and products. Curiously, however, they do not know how to pair wines with Asian food. That's why most of their wine purchases are made off-premise and not at restaurants.

Their purchase decisions are driven by a few factors:

- Price, with the preferred price range being between \$10 and \$15 per bottle, followed by the \$5-10 range
- Prior knowledge of the wine or a friend's recommendation
- In-store tastings.

Wine Knowledge Acquisition

Amazingly, none of the most well-known grading systems seems to have a significant influence on purchases. I tried to find out why that's the case, and discovered that again, the absence of a wine culture appears to be the reason.

When this network of Chinese immigrants formed a special interest committee to learn more about wine, they identified three priority areas of study: wine and health, wine etiquette and finding good value in wines. The committee's main objective seems to be to find good value wines in a certain price range, and not necessarily to find the best wines it can afford. In fact, the group's major sources for wine knowledge acquisition are *Consumer Reports*, newspaper columns and tasting experiences at wineries and stores, not specialized magazines and publications.

Wine etiquette is another big issue for

these Chinese immigrants in Northern California. Indeed, wine etiquette is seen as a tool to improve networking opportunities in the same way learning to golf can be.

One last issue of significance was pairing wine and food. Most experts recommend white wines as the ideal accompaniment to Asian cuisine. However, Chinese people, whether in China or in the U.S., overwhelmingly prefer red wine. They usually seek sweetness in a red wine, and particularly like aromas of berries, plums and cherries. Strong woody characteristics (oak, cedar, pine) were also appreciated.

“Blind tastings have revealed that Chinese tend to prefer New World wines to Old World wines.”

In my tasting seminars, I found out that they preferred varietal wines such as Cabernet Sauvignon, Merlot and Zinfandel, as well as Pinot Noir to a certain extent. They also were more comfortable with one powerful aroma rather than a bouquet, where it was more difficult for them to decide whether they liked all the aromas, or they simply could not differentiate what was what.

In fact, blind tastings have revealed that Chinese tend to prefer New World wines to Old World wines. When probed about world cuisine and wine pairing, Old World cuisines from France, Italy and Spain were more often connected with white wine, whereas American cuisine was associated with red wine.

Some of the most sophisticated wine drinkers in the group mentioned acidity as a characteristic they were seeking out in a wine, and very few mentioned astringency. While they were intrigued about what astringency is, it was quite difficult to connect the sensation of astringency in wines with the sensation of astringency in teas, even though Chinese are heavy tea drinkers.

So there you have it, the Chinese taste in wine—at least today. Chinese wine consumers prefer a good value wine, preferably a red, sweet, mono-varietal that will be appreciated by business associates and friends. Whether this taste will evolve, or can be shaped by savvy marketing, remains to be seen. I heard from a Chinese woman who went back home to visit her family and brought with her fine California red wines only to hear her family say it was not sweet enough for their taste. Perhaps they were just not ready to appreciate it, or maybe it is a style that will never be popular among the Chinese.

I believe that Chinese wine consumers in the U.S., and especially in California, offer the best indication about the future of Chinese wine consumption in China. While their taste preferences, consumption patterns and wine knowledge acquisition remain quite different from the mainstream wine consumer in the U.S. or in Europe, this can change over time.

Chinese wine consumers in the U.S. are eager to learn, not only for business reasons but also for their personal enjoyment. The most encouraging sign for me was that several of the attendees had developed a sophisticated taste for wine, and were not afraid of trying new wines and enjoying the great diversity of choice offered in American wine stores. Reaching out to these opinion leaders is, in my mind, one of the keys to conquering this segment of the market, and to successfully entering China. ■

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