

Thirst for Moutai up in growing UK market

The bestselling brand of the world's most popular liquor thinks it's time Britain joins the party

By MATT HODGES

Move over Margarita. Shove off Singapore Sling. In a few years' time the next big thing could be a Moutai Mule.

Kweichow Moutai, the world's most valuable liquor brand, is appearing on British cocktail bar menus in an experimental capacity and pundits say it could one day rank as a household name in Europe.

"I truly believe with the knowledge accumulated and the skill of mixing and developing the right cocktails, it could be a serious success," says Andrew Robinson, the owner of Liverpool-based FU.

As Europe's first dedicated Chinese *baijiu* bar, it has found a returning audience for its Moutai-infused cocktails.

It now carries 10-20 *baijiu* brands and serves them as shots infused with exotic ingredients such as vanilla, fruit, coffee and — this being Britain — Earl Grey tea.

"The original idea was to have an experimental food destination that was constantly evolving and bringing in something new," says Robinson.

"After we made several trips to China, we discovered *baijiu* and Moutai and that evolved into FU, which means 'good fortune' in mandarin."

Kweichow Moutai derives its name from Southwest China's Guizhou province. The province sits 1,100 meters above sea level on average and is known for its mountainous terrain, karst formations and as the home of the most prestigious and expensive of *baijiu* brands.

Moutai's special qualities are said to derive from the natural environment in which it is produced and the conditions it is distilled under — the production and aging process takes five years and the spirit is distilled nine times in clay pots.

Usually containing no more than 53 percent alcohol by volume, *baijiu*, a clear liquor made from sorghum, wheat, barley or rice, is a heady concoction on par with Jose Cuervo tequila, Bacardi 151 and La Clandestine absinthe.

In China, *baijiu* is divided into five categories based on smell and taste but Kweichow Moutai would be considered as "spicy aromatic," experts say.

As the creme de la creme of *baijiu*, it is often drunk at important Chinese State functions, and the brand is now making a strong international push.

In late April, the Kweichow Moutai Group signed an agreement with the United Kingdom's Wine and Spirit Trade Association, to promote its brand in Britain.

Moutai executives say the company will move to estab-



The market value of Moutai hit \$71.8 billion on April 10, 2017, to become the world's top spirit maker, replacing Diageo whose market value was \$71.7 billion. Moutai's stock price grew 55 percent in 2016, twice as fast as that of Diageo.

LI MIN / CHINA DAILY

lish the brand in five global markets this year with London cited as a launchpad to Europe, as the company aims to make its overseas sales account for 10 percent of revenue by 2020.

In 2017, Moutai Group exported 17.5 metric tons of Moutai liquor to the UK, generating nearly £2.5 million in revenue, according to the company. The UK is now one of Moutai's fastest-growing international markets.

Over the last few years, Chi-

na-UK friendship has continued to warm with the efforts of the leaders of both countries — welcoming in a golden era of China-UK relations, said Moutai executives.

This has had a direct impact on increasing trade relations: sales of British products such as Scotch whisky continue to grow in China; Moutai and other Chinese liquor brands continue to increase sales in the UK.

"I used to sell Moutai when

I worked at Selfridges," says Specialty Drinks Ltd buyer Dawn Davies, referring to the British retailer's world-famous flagship store on London's Oxford Street.

"I've tried a few varieties and I would say they are very approachable, flavourwise," she says.

"It has a very confected pineapple note mixed with a slightly cheese note. I guess you could say it has umami (savoury taste), but it is a very

powerful taste," adds Davies, who works for one of the UK's top importers of spirits.

Meanwhile, some 5 miles east of Oxford Street by Bank Station in the City of London, the newly-opened Demon, Wise & Partners proudly lists Moutai among its suite of Chinese *baijiu* drinks.

"We used to do a lot with *baijiu* at our sister bar, The Hide on Bermondsey Street, before we switched the concept last October to only sell-



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Lyu Chang, analyst at SWS Research Co

ing drinks distilled in London," says co-founder Paul Mathew.

"But at Demon we have a range of *baijiu* on the spirits list, including Moutai, and we offer cocktails to anyone who is interested," adds Mathew, who worked with several Chinese liquor brands as an expat in Beijing from 2009-13.

From London's Bank to Berlin, pockets of Europe are cottoning on to Moutai and *baijiu*, a pungent beverage that accounts for one-third of global liquor sales but is still largely unknown outside China.

"Sorry, never had any experience of it," says Somerset-based Nick Moyle, author of *Brew It Yourself*. Trends take a few years to arrive in our parts of the world."

Kweichow Moutai's net income rose to \$2.4 billion (£3.2 billion) in 2016, six months before it overtook Diageo, owner of the Johnnie Walker brand, to become the world's most valuable distiller.

It achieved revenue of 17.5 billion yuan (£2 billion) in the first quarter of this year, up 31.24 percent year-on-year, with net profit of 8.5 billion yuan, up 38.9 percent.

"Moutai boasts the strongest pricing power in the industry with its strong brand awareness," SWS Research Co analyst Lyu Chang told Bloomberg.

And now the company wants you to drink its premium *baijiu*, too. In fact, one of the biggest global evangelists for the beverage is not Chinese but a US citizen.

Former China expat Derek Sandhaus was promoting Moutai long before he wrote *Baijiu: The Essential Guide to Chinese Spirits*, considered the imbibing bible of this strong-smelling, head-spinning spirit.

He recommends giving it a whirl next time you visit a Chinese restaurant — aficionados say it pairs well with Chinese food and should be promoted as such.

"With Moutai, I think go big or go home," he says. "You have to get the expensive stuff. Right now is an exciting time for *baijiu*."

"There has been slow but steady progress in its internationalisation in the years since I published my book," adds the Kansas native.

"The most obvious indicator is the number of bars and restaurants overseas that have incorporated Moutai or *baijiu* cocktails into their bar programs.

"Another encouraging sign is that China's larger and more prestigious distilleries have for the first time begun demonstrating a willingness to invest in products designed for international markets," he adds.

This Aug 9 will mark the fourth World *Baijiu* Day, now celebrated at over 50 venues in more than 20 cities worldwide.

The list includes Peking Tavern in Los Angeles, which offers an old Shanghai vibe and \$7 *baijiu* cocktails all night during its "Thirsty Thursday" promotion, and the Golden Monkey in Sydney.

WBD is the brainchild of Beijing-based expat Jim Boyce, a Canadian wine lover who migrated over to the fiery Chinese spirit.

"I think a lot of people are introduced to *baijiu* and Moutai the wrong way," he says, referring to how it is typically consumed in shot form at room temperature.

"I've got nothing against China's *ganbei* (down in one) culture, but we are looking at different entry points amid a spirit of diversity."

Boyce found the way to people's hearts wasn't through their livers but through their stomachs. At last year's event, newcomers to the drink munched on *baijiu* pizza and *baijiu* chocolate.

"I've read a lot over the last six years about how *baijiu* is booming overseas, but it's still pretty tough to get people around the world interested," he said.

Davies from Specialty Drinks suggests Moutai would benefit from an image makeover tailored to young, upwardly-mobile Europeans, who may consider the current branding "a bit too Chinese."

Robinson is more gung-ho. He is mulling ways of franchising FU to spread Moutai's appeal despite competition from other beverages.

"We would love to take this to another level," he says.

Meanwhile, Moutai executives say they are "determined to make the UK a model market for Moutai going to Europe."

"We will study the needs of European markets, innovate the products' alcohol content and taste, continue to launch new types of products that suit UK consumers' tastes, expand sales and promote the brand recognition and influence of Moutai in the UK," he adds.

Maker of iconic Chinese product in high spirits for global expansion

By MATT HODGES

At Combat, an underground speak-easy in the Paris district of Belleville, three French feminists spend their nights using a fiery Chinese spirit called Moutai to whip up cocktails for hipsters seeking something edgy and fresh.

"It's still quite an unknown spirit," says co-owner Elena Schmitt, whose bar is nestled beside a Chinese wholesale shop. "But with the cocktail scene growing quickly in France, customers are eager to discover new tastes."

"When they try it, they find it strong and quite weird. But once mixed in a cocktail, they love it. Like with all new spirits, it's always fun to discover flavours you're not used to."

While China is tipped to overtake the United Kingdom as the world's second-biggest wine consumer by 2021, France is heading in the opposite direction, warming to liquors such as Moutai, the de facto Champagne of Chinese *baijiu* brands.

Kweichow Moutai derives its

name from its home in Southwest China's Guizhou province where it is distilled nine times and aged for five years in clay pots, in what experts say are the world's best climatic conditions.

It is considered the most prestigious, and among the most expensive, varieties of *baijiu*, a clear liquor made from sorghum, wheat, barley or rice that can range from 40-70 percent alcohol by volume.

In the Middle Kingdom, where *baijiu* is flavoured with anything from pork fat to flowers, Chinese guzzle an estimated 10 billion litres of it a year.

However, State-owned Kweichow Moutai already ranks as one of the world's most valuable liquor makers and now looks unstoppable as it aims to make its signature spirit an international powerhouse.

Proponents say it has already hit the ground running in France, Germany, the UK, Asia and trendsetting US cities like New York and Los Angeles.

"France is an interesting market because French people

are very open-minded, interested in history, and they know how to recognise fancy spirits," says Moutai importer Francois Sardou.

Despite critics who argue that Moutai's branding and consumption is still "a bit too Chinese" — in China it is typically slammed in shot form at room temperature with dinner — the pungent spirit is finding an adoptive home at luxury bars in the capital of chic.

It can now be sipped — or drank as a shot — at landmark Paris hotels including the Shangri-La, InterContinental Le Grande and The Peninsula.

Moreover, the Guizhou-based distillery recently launched its iconic brand in Hamburg, Germany, after setting up official distribution outlets in New York and Sydney following a big rollout in Asia.

And the gambit seems to be working. Moutai leapfrogged London-based Diageo to become the world top liquor brand last April, and in January, its market value exceeded 1 trillion yuan (£159 billion).

£156 billion
market value of Kweichow Moutai in January

Now it plans to have international sales make up 10 percent of its total output by 2020.

"Moutai is making a big push for its products as a mixology ingredient in Asia, just as it's been popular in New York for a few years now," says Ben Li, owner of Bitters and Sweets near the Lan Kwai Fong nightlife quarter in Hong Kong.

"As a spirit it definitely has legs. As an ingredient in cocktail making it's a bit tricky to incorporate it without overshadowing its underlying complexities. Just as you wouldn't use a 1982 Lafite to make a Sangria."

A short flight away in Bangkok, US mixologist Joseph Borowski is making cocktails on demand at his bar on Sukhumvit's Thong Lor Road.

He is a model case for how Moutai is taking flight organically.

"I often bring bottles back to the bar from the places I travel to," he says.

"With frequent trips to China in the early days, I had several bottles of Moutai to make cocktails with," he adds.

"I used to make a pisco sour mixing it with herbal ingredients and botanicals like kaffir lime, sage and lavender that was very popular."

Back in France, however, it's still a case of baby steps.

Official Moutai sales are growing but currently stand at 5,000 boxes a year, or 60,000 bottles, says Sardou.

Meanwhile, Moutai is continuing to gain traction in New York where trendy nightclub Lumos plans to reopen its "iconic *baijiu* bar" soon on a grander scale, according to its website.

"Seriously, people, why isn't *baijiu* better known in this country?" asks New Jersey native Jeff Cioletti, editor-at-large of Beverage World.

"I've detected notes of every-

thing from pineapple to rice vinegar among the *baijiu* expressions I've experienced," he writes in a blog post for The Drinkable Globe.

"I tend to preface spirit recommendations with, 'It's not for everyone,'" he adds. "I won't, however, say that about *baijiu*."

Back in Hong Kong, Shi Wah Lee, an award-winning cocktail maker who works at Wahtiki Island Lounge in Lan Kwai Fong, says a good *baijiu* like Moutai is as revered in China as a fine cognac is in France.

"As part of a renaissance of Chinese identity, young affluent Chinese in the Chinese Mainland and Hong Kong are increasingly drinking this iconic national spirit in casual settings."

On one Beijing back street, expat-owned Capital Spirits gets newcomers into the groove with Moutai flights and shots of snake-infused *baijiu* from southern Guangdong province.

The two Germans and two US citizens who launched this

drinking den in 2014 believe the time is now ripe to find franchise partners overseas.

"Many people walk into the bar swearing they'll never drink *baijiu* due to past bad experiences but after a few flights or cocktails, we get a very high conversion rate of over 90 percent," says co-founder Simon Dang.

In England, Moutai can be found at Liverpool's FU bar, the first dedicated *baijiu* bar in Europe; ordered at Demon, Wise & Partners near Bank in the City of London; bought online at Selfridges; and "flight-tested" at over 22 global cities on World *Baijiu* Day every Aug 9.

But if you can't find it at your local just yet, don't panic — Kweichow Moutai says it expects online sales to account for 60 percent of revenue soon.

Cioletti has a final word for cynics put off by the spirit's strong smell when consumed neat as shots.

"Give it a go," he says. "A millennium's worth of Chinese tradition can't be wrong."