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Customers purchase imported wine at a shop in the Fuzhou area of the China (Fujian) Free Trade Zone on April 9. CHINA NEWS SERVICE

Domestic producers use social platforms to attract consumers

By ZHU WENQIAN

Domestic sales of Chinese wine labels have been dampened by the novel coronavirus epidemic and restrictions on social gatherings this year, industry players observed.

In China, the consumption ratio of wine at social versus family gatherings is about nine to one. But drinking wine at social gatherings has been largely limited due to the epidemic, thus severely dampening wine sales.

In the first two months, domestic wine brands achieved sales revenue in China of 1.29 billion yuan (\$182 million), down 40.8 percent year-on-year. During the period, net profits reached 50 million yuan, plunging 58 percent year-on-year, according to the China Alcoholic Drinks Association.

China's biggest wine producer, Changyu Wine Group Co Ltd, said sales from hotels suffered the biggest declines. Supermarkets and liquor stores have also experienced remarkable wine sales declines.

In March, when the novel coronavirus infections started to recede in China, the market began to improve. Changyu believes its sales performance in April would be better than March, since sales on several channels had picked up and its e-commerce platform business has grown quickly.

"The habit of drinking wine at home has not been formed in China, and it will not change much due to the epidemic. Thus wine consumption this year will suffer and it will be a slow recovery process," said Sun Jian, general manager of Changyu.

"We encourage our dealers and partners to transform their business models, launch stores on multiple online platforms and promote sales through posting short videos and holding livestreaming sessions. Dealers should

fully take advantage of social platforms such as Meituan, Ele.me and Douyin to promote sales," Sun said.

He added that the next peak season for wine sales is expected to occur around the Mid-Autumn Festival in October. The epidemic is getting under better control in China, but sales are unlikely to be better than in past few years.

Yantai, Shandong province-based Changyu said digitalization will be the future trend to support growth, and it plans to cooperate with major digital companies such as Tmall, JD, Suning, Huawei Technologies and ByteDance to strengthen its online operations and better utilize consumer data.

The association said the novel coronavirus epidemic may bring about more opportunities for domestic wine labels.

For Chinese-produced wine, there aren't any communication barriers and cultural differences for vintners when promoting their products at home.

With COVID-19 continuing to spread overseas and limitations still in place on foreign travel, domestic wineries should grab the opportunity to promote winery and vineyard tours. This can help improve consumer awareness and drive industry growth, the association added.

In the first quarter, the Ningxia Hui autonomous region, a major wine producing area in China, built up an additional 2,120 hectares of vineyards, and the local government has approved the construction of six new wineries.

"The epidemic has delayed wine drinking. Consumers are expected to pay more attention to healthy and high-quality products, and we should remain confident and prepare well for the growth opportunity," said Chen Lizhong, owner of Tiansai Vineyards, a chateau in the Xinjiang Uygur autonomous region.



An employee checks wine samples at a chateau in the Ningxia Hui autonomous region on April 10. XINHUA

Epidemic causes big setback to imported wine business

Overseas wineries' production declines while less social gatherings limit demand

By ZHU WENQIAN in Beijing and YANG JUN in Guiyang

Shanghai Qiuxia International Trade Co Ltd, located in the China (Shanghai) Free Trade Zone, is a wine importer that mainly purchases wine from Chile, Argentina, Europe and the United States.

The company said the fast spreading novel coronavirus pandemic has hampered the production of major overseas wineries, and the imported wine business in China has suffered a setback. International shipping and logistics companies also suffered severely. They have constantly lowered their frequencies of voyages and raised transportation costs.

"With ongoing contagion in Europe, wine imported from Italy, Spain and France is under the most severe impact as a result of lower production and local transportation problems. Some French wine arrived at our company one month late compared with usual time," said Xia Jijie, sales manager of Shanghai Qiuxia.

In January and February, China imported 82.6 million liters of wine, declining 30.4 percent year-on-year. The imported value reached \$430 million, down 28.3 percent year-on-

year, which represented the biggest drop in the past five years, according to figures from the Central Administration of Customs.

Since the large-scale spread of COVID-19 in China in late January, China's purchasing volume of Chilean food dropped 50 percent to 60 percent compared with the usual. Wine, cherry and seafood suffered the most, according to ProChile, the Export Promotion Bureau of Chile. Chilean wine industry players said they would focus more on the local market and e-commerce sales channels.

Less social gatherings and less income have limited the demand of wine for most Chinese consumers. In China, wine is mostly for large-scale social occasions, banquets and gift giving. With a sliding demand nationwide, the volume of wine that Shanghai Qiuxia has sold to domestic liquor stores and individual consumers has dropped by 50 percent since the outbreak, and it is difficult for the company to clear the stock.

"As a small company, it's hard for us to pool more human and financial resources or develop new sales channels in a short time. We have to cut costs and reduce inventory. I hope we can survive this downturn

period," he said.

Another wine importer based in Guiyang, capital of Guizhou province in Southwest China, mainly imports wine from Italy and France. Since late January, it started to see declining sales, and the sluggish demand is expected to affect the sales in the first six months.

"With severe epidemic ongoing in Italy, some wineries have suspended operations, and they have stopped receiving new orders. If the contagion can't get under controlled in June, and the production and distribution can't fully resume, we might face a situation of no supply," said Ye Juke, general manager of Guizhou Mingxianghui Wine Co Ltd.

"By then, we will have to start cooperating with other importers and domestic chateaus to get some products dispensed," he said.

He added that the company has exclusively introduced a new kind of Italian wine, but it is expected to arrive in China in as late as September, only if the epidemic could get under control in Europe in summer.

Nevertheless, the Guiyang importer said the peak season of wine sales in China occurs in the second half of the year, and it is still confident to develop new sales

channels and net further growth.

Meanwhile, with the contagion continuing to ferment globally, more than 10,000 wineries and 8,000 vineyards in the United States may lose as much as \$5.94 billion this year due to COVID-19, and small-scale producers will be hit the hardest, according to Jon Moramarco, an alcoholic-beverage industry researcher based in Denver, Colorado.

In south Australia, total yields of wine are expected to decline 50 percent over last year, dampened by frost, intermittent extremely high temperatures, forest fire and the epidemic, according to the South Australian Wine Industry Association.

In New Zealand, chateau owners said the mandatory quarantine measures have slowed down the process of grapes picking and wine making, and it has thus brought more uncertainties to the sector in the aftermath of the novel coronavirus crisis, according to a report from global wine information and service agency winespectator.com.

Wang Jin in Guiyang contributed to this story.

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Fermented beverages made with fruit juice sparking interest among youth

By CHEN MEILING chenmeiling@chinadaily.com.cn

Fruit wines, fermented beverages made with a fruit juice base other than grape juice, is enjoyed in China for its sweetness, lower alcohol content and innovative packaging designs.

Wang Huiqi, 26, a postgraduate student in Zhejiang province, said she seldom drinks alcohol but likes to share a bottle or two of fruit wine with her friends.

"It tastes both sour and sweet, and is much milder. It will not cause headaches or stomach discomfort like beer or liquor. Besides, the price is cheaper," Wang said, adding the bottles are also pretty and can be used as vases afterward.

Dai Xiantian, a 29-year-old media worker in Beijing and former head of a traditional Han clothing club in Hangzhou, Zhejiang province, said he used to have picnics or spend nights in clubs wearing traditional Han clothing, and fruit wine was a good match for expressing Chinese culture.

"It has the aroma of flowers and fruit," he said.

Fruit wine has been developing fast in recent years as it meets growing demand among Chinese consumers for casual social contacts,



Fruit wines are displayed at an international exhibition in Beijing on Aug 30, 2019. A JING / FOR CHINA DAILY

and healthy and personalized lifestyles, said Chen Ke, a senior partner at consultancy Roland Berger.

Annual growth of fruit wine in the Chinese market is about 15 per-

cent, although its proportion in the entire alcoholic drinks sector is still small, Chen said, adding he expects promising development for fruit wine with growing interest from

female and young consumers in particular.

Fanzuihuating, a 4-year-old fruit wine startup, targets female consumers aged between 20 and 40.

Zhang Fujun, its co-founder, told media website 36Kr that it now has about 50 different products. Peach blossom, rose, litchi and plum wine are the most popular.

The company has opened 25 offline pubs with decor and costumes based on ancient Chinese style. Each fruit wine bottle has a Chinese poem, all to enrich the consumer experience, Zhang said. It also opened more than 40 specialty stores at shopping malls or scenic spots, and mobile wine cabinets at restaurants. Offline sales revenue reached 33 million yuan in 2019. The company began to sell on online platforms in April.

Cool Drink, founded in 2016, is a plum wine brand. Chen Tao, its founder, told news portal iyoui, that its sales grew to over 10 million yuan last year. The wines are sold on some 20 e-commerce websites as well as in convenience stores, supermarket chains and restaurants.

Guizhou Huajiu Liquor Co produces rose and honeysuckle wine to target young and middle-aged consumers. Though its sales were hit by the COVID-19 epidemic, the company has adopted online sales and livestreaming to meet the goal of 8 million yuan in sales revenue this year, said sales director Huang Guicai.

Besides emerging brands, liquor giants like Kweichow Moutai, Wuliangye and Luzhou Laojiao have also developed fruit wines.

A Suning.com report in 2018 showed consumers aged 31 to 36 ranked first in multiple sectors of liquor consumption including spirits and beer, but those between 25 and 30 were the largest consumption group for imported wines and mixed fruit juice-wines. It showed young consumers had more interest in diverse tastes and reduced alcohol content.

Fruit wines have been written about in many Chinese poems, which means they were part of the traditional culture. But production methods have changed over time, said Cheng Wansong, executive vice-chairman of the China National Association for Liquor and Spirits Circulation.

In 1987, a major industry meeting was held in Guiyang, Guizhou province, proposing four changes — from strong wine to mild wine, distilled liquor to brewed wine, grain liquor to fruit wine and ordinary wine to high-quality products.

However, the development of fruit wine still faces challenges in process specification, quality guarantees and storage issues, Cheng said.