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Report Highlights:

Summary: From August to December 2012, ATO Guangzhou assisted numerous U.S. wine promotion efforts. This report includes a summary of the most notable events including: U.S. wines participated in the 1st Olé national supermarket promotion; AWIA Board Members Elections; U.S. wines promoted to women leaders in South China; ATO Guangzhou supports Royal American Wine promotional event; and Interwine becomes China's largest imported wine show

General Information:

U.S. wines participated in the 1st Olé national supermarket promotion: From September 1-October 31, 2012, ATO Guangzhou assisted several national importer/distributors of U.S. wine in participating in the “Yes America!” food promotion. Olé outlets are the highest-end supermarket format in China modeled after Whole Foods and Trader Joe’s in the United States. ATO Guangzhou staff ensured the promotion did not just include product placement, but discussed ways the promotion could actually generate sales by coordinating tasting events and including pictures of items on direct mailing flyers. ATO Guangzhou coordinated with USDA Cooperator California Wine Institute and other ATOs in Mainland China to introduce high quality U.S. food/beverage items to the 18 Olé supermarket stores in first tier cities of Guangzhou, Shenzhen, Beijing and Shanghai as well as emerging second tier cities of Chengdu, Chongqing, Nanning, Ningbo, Jinan, Shenyang and Hangzhou. U.S. wine brands such as Opus One, Mondavi, Ravens Wood and Beringer were showcased in the direct mailing flyers during the promotion and most labels were kept on store shelves after the promotion concluded. The preliminary sales figure is encouraging but also indicates the necessity in conducting more and continuous promotions for U.S. wines in the retail sector.

AWIA Board Members Elections: On August 28, 2012, ATO Guangzhou staff supervised the election of the governing board members of the newly formed American Wine Import Association (AWIA). The AWIA spawned from the ATO Guangzhou-founded Pearl River Delta American Wine Import Association (PRDAWIA). With many new member companies forming part of this growing national trade institution, the AWIA selected five members to represent industry interests and lead U.S. wine promotions. Here is a list of the elected AWIA board members:

1. President TIM WEN
2. Vice President JOHN YEUNG
3. Internal Secretary MORRIS WANG
4. External Secretary NICK RK RAMIL
5. Treasurer KENNY T.M. SZE

All board members are active and well-known U.S. wine importers/distributors dedicated to increasing the awareness and promotion of U.S. wines in China. In early September, AWIA Chairman Tim Wen and several members attended the USDA Cooperator meeting in Xi’an and met with every ATO China Director to discuss regional outreach plans. AWIA is also extremely honored to have Scott Sindelar, Agricultural Minister Counselor, U.S. Embassy Beijing on their advisory board.

A new logo was designed by an AWIA member and ATO Guangzhou has started to assist AWIA gain publicity by uploading relevant information on their website: www.usawine.org

Background information:

The AWIA (American Wine Import Association), previously named the “Pearl River Delta American Wine Import Association”, was established in October 2010 with the support and vision of the ATO Guangzhou, U.S. Consulate General Brian Goldbeck, the American Chamber of Commerce South China, the Public Affairs Section of the U.S. Consulate General Guangzhou, and the General Manager of the China Hotel, Mr. Franco Io. Since then, the members have enjoyed more prosperous sales of U.S. wines, allowing them to increase purchasing volumes as well as the value of U.S. wines. This year, the association changed its name to the AWIA to expand distribution network nationwide beyond the Pearl River Delta region. The key objective is to generate awareness of U.S. wine amongst the trade, media and general public through promotional activities. AWIA plans to leverage ATO China resources and networks when these are available. Most of the membership is composed of U.S. citizens with U.S. owned and registered companies, who export U.S. wines to the China market. And because there is no USDA Cooperator assisting them in strengthening the sales of all U.S. wines, ATO Guangzhou took it upon itself to organize this trade group.

U.S. wines promoted to women leaders in South China: On September 17, 2012, ATO Guangzhou sponsored a Women’s Leadership Forum event organized by the U.S. Consulate’s Public Affairs Office. ATO hired a renowned female wine expert to deliver a seminar on U.S. wine culture and etiquette. The wine expert also conducted a tasting for a group of 40 women business leaders. The presentation was well received and participants gave positive feedback about U.S. wines. After the seminar, a dinner reception was led by Consul General Galt for over 100 women leaders from all walks of society. ATO arranged four U.S. wine importers to sponsor and showcase wines at this reception. All the four wine importers were also women and were able to convey a positive feeling of U.S. wines to other women leader guests in attendance. Many of these women leaders were impressed with the taste of U.S. wines and several small sales were generated by this event.

Wine and Health: According market research, ATO Guangzhou has noticed women in China have become increasingly important in retail wine purchases, while men still dominate on-spot sales in restaurants, hotels, etc. Based on information received by local distributors, ATO Guangzhou discovered that most of South China’s women prefer wines for their lower alcohol grades and subtle fruit-first flavors. The female consumer group responds well to health and beauty attributes of certain products. For example it is widely known that a glass of wine is good for the heart, but other research shared by local wine distributors added that red wine can also improve the elasticity of skin. According to Wine Magazine regular and responsible consumption of grape wine is also supposed help women maintain healthy and stable moods especially during the pre-menopause stages. Whether this is true or not, these are aspects that many local female consumers are raising when considering purchasing wine in the retail sector.

Women taste wine with a purpose: According to World Wines magazine, many successful female entrepreneurs and government officials believe that having the ability to enjoy fine wines and know-how in selecting the right tastes suitable for the appropriate situation (whether it be for business and social gatherings), make them seem smarter, more distinguished, worldly and sophisticated. On the other hand, generally speaking, tradition male “leaders” prefer to drink Chinese “baijiu” (liquor or distilled spirits) such as the *Maotai* brand or chose wines based on price or on what their “leaders” prefer or recognize a particular brand, year or varietal as good wine. U.S. wine for the most part is of good value to consumers and is disadvantaged by the assumption that old world wines have greater cache over those

from the new world. Furthermore, women usually have greater influence in selecting and purchasing wine for home gatherings and are inclined to select red or white grape wine over beer or spirits. Therefore promoting U.S. wines to local female consumers is worth exploring.

ATO Guangzhou supports Royal American Wine promotional event: On September 26, 2012, ATO Guangzhou Director delivered opening remarks to kick off a U.S. wine promotional event held by Royal American Wine Company (RAW) in the Sapphire Bar of Marriot China Hotel. The Director's remarks focused on raising awareness about the quality of Oregon and Washington State wines to an audience of trade, restaurant owners, media, and consumers. RAW specializes in importing and distributing Oregon wines and currently markets their many pinot noir varietal wines to a clientele of high-end restaurants and hotels. Wine trade and online media claim that pinot noir wine varietals are receiving greater attention. Avid wine lovers tend to opt for pinots after they have developed a more sophisticated palate and move away from heavier or bolder tastes of cabernet sauvignon and other more commonly drunk red wine varietals. A receptive wine palate can enjoy the delicate and graceful taste of fine and reasonably priced and prestigious California and Oregon pinots at a fraction of the cost of French counterparts. Two weeks after the event, ATO Guangzhou offered a free venue at the China Hotel for RAW to organize a follow-up wine seminar to educate their business partners and distributors. RAW is also a member of the American Wine Import Association.

Interwine becomes China's largest imported wine show: On November 14, ATO Director and staff attended the China International Wine & Spirits Exhibition (Intertwine) held in Guangzhou. Intertwine is now the largest and most professional wine trade show in China for imported wine and spirits trade. Over 500 companies including wineries, wine importers/ distributors/wholesalers and retailers showcased wines from the United States, Europe, South America, Australia, and New Zealand at this year's show. U.S. wine importers with the American Wine Import Association (AWIA) also exhibited at Intertwine. ATO Guangzhou will submit a request to the FAS Trade Show Office requesting this show become an official USDA-sponsored event.

Additionally, on November 14, ATO Director also delivered remarks at a signing ceremony where Lodi, California's Oakridge Winery appointed Guangzhou's 16 Area as its sole agent in the China market. 16 Area is now China's largest importer of U.S. wine in Mainland China (on volume terms) importing approximately \$8 million in 2012 alone. 16 Area is also a member of the American Wine Import Association.

On November 15, ATO Guangzhou assisted Timberhill's (carrying exclusively Oregon wines) wine seminar/dinner reception to promote its wine to potential buyers and distributors attending the Intertwine show. After gauging the interest from AWIA and CWI, ATO Guangzhou will look into organizing the first U.S. pavilion at the next Intertwine held in May 2013. Timberhill is also a member of the American Wine Import Association.