

BEIJING CONNECTIONS

Given the incredible diversity of the wine market, it isn't surprising to find a wide range of retail models in China. Jim Boyce identifies seven companies that got their start in Beijing.

Grasping the wine retail market in China – with its fuzzy numbers and dizzying range of importers, producers and distributors – is akin to holding a greased Jeroboam. With one hand. While riding a roller coaster. Just surveying the thousands of companies that have imported wine this year alone, or the equally daunting number of emerging retail outlets, is enough to drive a person to drink.

While the market is a bit cloudy, it is also going through an exciting evolution. A two-year government austerity campaign has shredded orders from officials and state-owned companies – a significant portion of overall sales – and thus forced a greater focus on consumers at large. Add rising personal income, a soaring e-commerce sector, and increasingly savvy smart-phone-armed buyers and you get a billion-bottle market on the rebound, with plenty of potential.

One of the most dynamic sectors of the market is online retail; many importers and distributors have websites that sell direct to consumers.

The Wine Republic

Since its founding in 2008, wine-importing company The Wine Republic has gravitated toward a 'cool climate' theme, with over two-thirds of the current portfolio consisting of such labels. They hail from over a dozen places, ranging from Kamptal, Kremstal and Vienna in Austria to Yarra Valley, Coonawarra and Tasmania in Australia, with additional brands



Andrea Skubinn, co-owner, Pasion

from France, Germany, Italy and New Zealand.

"Yering Station from the Yarra Valley is a good example of what we're about," says co-owner Campbell Thompson. "Elegant wines from a family-owned producer." Other leading brands include Loimer, Wieninger, Maison Champy and Mt Difficulty.

Consumers can buy the wines via the company website (thewinerepublic.com), with free delivery in Beijing, Shanghai and Shenzhen, or a small fee to other cities. Wines are also sold online via FirstCellars.com and TRB (trb-wine.com) and in shops like Pudao in Shanghai and Beijing.

"There is a noticeable shift away from the big 'supermarket' wine brands, as information-enabled Chinese consumers expand their horizons," says Thompson. "Many of our retail customers have also traveled to Australia, New Zealand, Burgundy or Germany, and developed an interest in these wines."

Pasion

Pasion has increasingly gained a place in the hearts of Spanish wine fans since it launched in 2012. The portfolio has grown from 15 labels from four wineries – including two from co-owner Alberto Pascual's home region of Ribera del Duero – to 90 labels from around Spain. Pasion supplies a number of retailers such as Taste Spain and La Cava de Laoma.

However, consumers can buy wine directly from Pasion's website (pasionbj.com), from their showroom in Beijing, and from the company's soon-to-relaunch online shop. Co-owner Andrea Skubinn says buyers tend to already know what they want. "Many lovers of those kind of wines do know the wines, maybe from trying them in other countries," she says. "Some really 'search' for them or have tried them in the restaurants or hotels with which we are working."

She notes that while region, grape variety and uniqueness are key when adding new wines, price has become increasingly important. "Clients in China are becoming more and more price sensitive and know how to check prices elsewhere via the Internet," says Skubinn.

Pinotage

Few people in China have introduced as many consumers to South African wine as Toby Cao. He has been importing wine since 2005 and carries over 100 labels from 20 producers, including Rooiberg, Simonsvlei, Dornier and Van Loveren. Sales come via two restaurant-and-retail venues called Pinotage – one in central Beijing and one in the suburbs – where customers can also enjoy South African fare like biltong, boerewors and ostrich burgers. Pinotage has promoted its wines by pitting them in tastings against other nations, hosting visiting winemakers, and organising South Africa-style barbecues known as brai.

Pinotage developed a mobile app last year that allows consumers to both learn about South Africa's key regions and to order wine. Cao says that he delivers his wines throughout the country and most buyers still prefer to order by phone or email, but that he expects sales via the app to quickly grow this year.

CruItaly

Xiaofu Ecommerce Group set its sights on diversifying beyond IT three years ago and saw an opportunity in promoting Italian lifestyle products, including wine. The result is CruItaly (cruitaly.com), a project with the added benefit of savings on the company's annual rmb10m (\$1.6m) corporate wine budget.

"Our main purpose is to develop an online sales platform supported by our retail outlets," says managing director Rory Quirk. "We have a mobile application, an e-commerce store, a WeChat store, and soon will be opening a Tmall flagship store." (Tmall, or Taobao Mall, is a business-to-consumer site, while Taobao is a customer-to-customer one. WeChat, or weixin, is a wildly popular social media app.)

The retail outlets include an Italian Cultural Centre in downtown Beijing, with similar centres under construction in Shanghai, Guangzhou and Chongqing, slated to open by year's end, says Quirk. The centre partners CruItaly with a cafe called Al Bar Italia, as well as the Embassy of Italy, which runs a visa centre one floor up.



A glimpse of La Cava de Laoma's range

Cruity's portfolio includes brands like San Leonardo, Feudi di San Gregorio and Tasi, and Quirk notes that more lower-priced options are on the way from Puglia and Sicily, the result of a promotional project being funded by the European Union.

"For private clients, personal service is more important considering they purchase higher-end wines, so having the shop is very helpful," he says. Quirk also says it's crucial to link the wines with other Italian products such as coffee, kitchenware and fashion. "We know if we promote wine on its own, it will be tough," he says. "This is our way of differentiating ourselves."

La Cava de Laoma

This Chilean wine shop opened two years ago in a Beijing mall with low foot traffic and some wondered how long it would remain standing. A steadily growing number of regulars, a reputation for fun events, and a portfolio since rounded out with a few Spanish, French, Portuguese and Chinese options have helped it beat the odds.

Key brands include Maquis and Calcu, with owner Mariano Larrain having family connections to both, as well as Villard and Domus Aurea. The portfolio appeals to budget shoppers, with bottles from rmb50, and those seeking something beyond the Cabernet and Carmenere typically associated with Chile, such as Syrah and Pinot Noir options. Consumers can buy via the shop, the La Cava store on weixin, or online retailers such as TRB.

Larrain says that the gifting market is still significant, and French wines remain the first choice, making it hard to convince customers to pay for better-quality Chilean wines, although he

does see growing curiosity. His target customers at the shop are young professionals comfortable with spending rmb80 to rmb200 per bottle and, once trust is established, exploring from there.

Online sales are more price sensitive, he says. "My plan in the coming months is something like rmb100 for two bottles of good quality wine."

CHEERS

Since evolving from a business-to-business distributor in 2012, this wine shop chain has grown to 13 outlets in Beijing, inspiring several imitators. This year it expanded to Chengdu, with Shanghai to follow soon. What makes CHEERS special is not that it offers wines at low prices by China standards, starting from rmb50 per bottle, but that it also serves its fairly young clientele with fun. That ranges from its cheerful decor and quirky videos to events such as comedy shows, live music and Sangria-making classes.

"We are more than just a wine store," says co-owner Claudia Masueger. "We interact with our customers. We introduce our products through wine-tasting parties, shows, and many other activities." Masueger also says she notices that more customers are finding their entry point to wine through bubbly. "For new wine drinkers, it's an easy entrance to the complex wine world," she says. "They develop the taste after a while and then start to try the rest."

CHEERS stores stock up to 85 wines, half of them priced at less than rmb100 per bottle, and sales are projected to top 500,000 bottles this year. The chain also sells its wines and spirits via a Tmall store.

Everwines

Everwines, the retail branch of Torres China, is not a specialty retailer per se but is somewhat special in using every retail route possible to connect buyers to its 75 brands. Drawn from 13 countries, these include Taittinger, M. Chapoutier, Henschke, Chateau Ste. Michelle, Salentein and well-regarded local producers Grace and Silver Heights.

Torres has opened Everwines bars and shops in a dozen cities, including Beijing, Changsha, Chengdu, Foshan, Guangzhou, Hangzhou, Nanjing, Nanning, Shanghai, Shenzhen, Xi'an, and Wuhan, as well as wine counters in Hola stores around the nation. It has paired these with an online Everwines shop. Sales from

these outlets represent 7% of total turnover, says managing partner Alberto Fernandez.

Torres has also partnered with major retailers. On one hand, that means selling via hypermarkets such as Metro, Wal-Mart and Sam's Club, and high-end supermarkets such as Olé, among others. On the other, it means leveraging e-commerce platforms, from huge online players like yesmywine.com to shopping channels like Hunan TV to a flagship store on Tmall.

More recently, Torres signed a deal with COFCO, the massive state-owned company best-known for the Great Wall Wine brand and less so for niche producers Junding, Yunmo and Sun God. COFCO will use its extensive network to sell Torres' Coronas and Gran Coronas brands, as well as select products from Baron Philippe de Rothschild. "We hope to be part of their massive retail expansion in China," says Fernandez. "As producers it is an honor to dig deeper and faster in the China market through their vast networks."

Others of note

This just scratches the surface of retail wine in China. Plenty of niche importers are finding avenues for their products, either online or in shops, whether it is Australian Natural with its organic wines, La Seine Belle wines with its growers' Champagne, or DS Wines with its largely Spanish portfolio. As the China scene continues to diversify, we can expect to see more companies focus on wines of a certain country, region, style or grape variety. This only goes to underscore what people in the wine trade have long known, namely, that China is best seen not as one market, but as many, and that there are many possible routes to retail success. ■



Tasting at Everwine