

THE EAST EXPLORES WHITE

The received wisdom is that the Chinese will only drink red wine. But Jim Boyce says the emergence of adventurous consumers who can bypass traditional distributors is about to overturn that view.

"The East is Red" is a favourite line of China's wine-industry watchers, a double entendre that covers both the country's ideological leanings and its preferred color of wine. How red is China? Red wines are typically thought to have at least four times the share of white, in a market that totaled 1.95bn bottles in 2014, according to China's Northwest Agriculture and Forestry University. China also became the world's largest consumer of red wines at 155m cases in 2013, according to VinExpo, although that number includes Hong Kong. Such dominance holds not just for imports but also for local producers. This state of affairs has been attributed to associations that red wine has with status, health and luck. Whatever the reasons, the "East is Red" mantra uttered by so many in the trade needs scrutiny.

Status Symbol

The rise of red wine, and particularly French red wine, is due primarily to its role as a status symbol. It is often seen as a safe choice for gifting and entertaining and is used to denote sophistication in everything from movie scenes to bank card ads. But this rise of red wine was not always a given, says David Henderson, who founded Beijing-based importer Montrose in the late 1980s. "China had more white wine in the beginning," he says. "Everyone, including me, thought consumers would start the way they did in the rest of the world, with white wines, sweeter wines." But while taste tests showed Chinese consumers did prefer white, it was not enough, he says. "Due to its image, people drank red wine."

More than two decades later, people still do, although the market is changing. Ma Huiqin, professor at China Agricultural University in Beijing, says that while status remains a key factor the scene must be considered from



There are signs that Chinese consumers are embracing white wines.

more angles. She suggests younger buyers are focusing more on taste while elderly ones tend to look at wine's perceived health benefits.

The former is a segment that suddenly became more important just over three years ago when the government introduced an austerity campaign that slashed spending on pricey wine by officials and executives at state-owned companies. Virtually overnight, many distributors lost a major source of revenue and needed a replacement: the steadily growing consumer market was the only viable alternative.

That didn't mean simply swapping one buyer for another. For one thing, consumers are much more focused on value and service, they gravitate toward cheaper wine, and are more willing to explore. For another, consumers are increasingly savvy. They are armed with smart phones that provide access to wine information, recommendations from friends, and options to buy online. While this transition has been painful for many distributors, it was widely seen as necessary to creating a healthy and sustainable wine market. "I think real wine consumption is growing. Real consumers are emerging in China," says Damien Shee, country manager for importer and distributor Torres. "The wine business is getting deeper penetration, with a lot of consumption in third- and fourth-tier cities. If people are buying a local wine for 30 RMB (\$4.70) or 40 RMB, they are now willing to pay an extra 10 RMB or 20 RMB to get something imported."

In other words, the wine industry is spreading nationwide just as consumers are beginning to explore their tastes. If there is ever a time to test what consumers genuinely like, this would be it. The big question for white wine: how much do consumers enjoy it?

The Taste Test

Professor Ma has taught wine appreciation to more than 5,000 students during the past 15 years. She polls her students, who hail from all parts of the country, at the end of each course and, year in and year out, finds they prefer whites to reds by a ratio of two-to-one. "The significantly lower levels of tannins in white wine make it less challenging for new consumers," she says. "Many white wines are also fruitier than red ones."

The annual Grape Wall Challenge in Beijing - which I help organise - asks Chinese consumers to blind taste and grade inexpensive wines. Whites also do well here, scoring as high, or higher, than reds. While consumers might report more complexity in the reds, they find it easier to distinguish white wines, and New World options like Argentine Torrontés, South African Chenin Blanc and Australian Chardonnay have achieved high marks.

Torres' Shee says he also sees positive attitudes toward still and sparkling white wines, although he cautions there are constraints on how much consumers are willing to drink. "To start with a bottle of white at dinner, that's common now, and that's encouraging," he says. "The Chinese are very open and willing to try new things." But Shee says sales are somewhat depressed by the nature of many white wines. "Many consumers taste white wines, and find them crisp and refreshing, and more expressive than most of the reds," he says. "But my argument is when they drink the second glass of white, that's when they acidity gets too much."

Sgarzi Luigi



CANTINE DAL 1933

That might simply be a matter of style, says Chris Beros, China director of the California Wine Institute. "I think a lot of the European whites tend to be a little bit more acidic and crisp. They're more food wines," he says. "The malolactic fermentation that is present in American white wines offers a kind of rounder mouthfeel - more of a buttery characteristic - that makes them a lot easier to drink without food." Beros, who previously owned a Shanghai-based import company, thinks white wines are "woefully underrated and overlooked".

That situation is partly due to the difficulty in getting consumers to even try, and then buy, white wine. Helene Ponty, who moved to China in 2012 to handle distribution of her family's Bordeaux wines, says her whites get positive feedback. "If I do an event for consumers, they usually love the whites, particularly women," she says. "I feel like many women are intimidated by red wine or afraid they will get drunk if they have red wine, but they feel better about white wine. They also appreciate the taste more." Ponty continues: "I think there are a lot of misconceptions about white wine. Most of the education you see in China is about red. So people do not know white wine and think of it as a girly drink, a light drink, not as legitimate as red wine."

Local producers also face this issue. But Wang Fang, co-owner of Ningxia winery Kanaan, which makes a Riesling and a semi-sweet white blend, says she now sees pockets of interested consumers who are interested. "Chinese consumers are still in the primary stage of understanding wine, so some will blindly follow reds," she says. "But there is a small niche that is willing to spend money to try fruity and pure white wines priced between 50 RMB and 200 RMB, and I think this will grow in the near future."

Many in the trade also see white wine as having more potential with food. "I think cuisine in Western countries tends to be based around the salt element, which pairs perfectly with tannic reds," says Julien Boulard, a French wine consultant who has lived in China since 2003. "However, in China, you also find many dishes are sweet, spicy or bitter, or have a strong umami taste, which are all easier to pair with white wines, dry or sweet." The fact that most dishes are served simultaneously makes white wine even more versatile, he says.

Craig Grafton, the winemaker at Pernod Ricard-owned Helan Mountain in Ningxia,

which makes three levels of Chardonnay, also sees a good fit. "I believe white wine is actually a better pairing for Chinese food in most cases, than red," he says.

White future

Several themes regularly pop up when it comes to white wine. In taste tests, consumers like them. When it comes to sales, buyers who are younger and/or more experienced are most willing to plunk down cash. And in terms of food, white wine offers a great deal of flexibility.

Does this mean white wine is bound to soon catch and overtake red wine? Not exactly. Many Chinese, especially the older generation, see cool drinks as unhealthy. Although this is changing, with treats like ice cream and iced coffee become increasingly popular, it suggests selling to older consumers will be tougher. There are also consumers who will continue to shun white and favour red because the latter is associated with status and health. And crucially, there is the issue of access. Ponty says that consumers tend to love her white wines but the distributors she meets argue the opposite. "[Distributors] will say they don't need white wine or that their customers don't drink white wine," she says. "So it led me to think that the problem lies with the distributors."

Yet as new consumers focus on taste, white wine sales will grow and grab more market share. In a way, these consumers represent the start of the real wine market in China, the one Henderson thought would arise more than 20 years ago, but was beaten to the punch by a market focused on status.

This growth will take time, given everyone from importers to local producers have invested heavily in red, but there are signs it's happening. CHEERS, a multi-city wine chain, now sells about two bottles of red for every bottle of white or sparkling. Online retailers will also help the shift, as consumers are less at the mercy of those who stock the local wine shop, and instead can order everything from a syrupy California White Zinfandel to a bone-dry Mosel Riesling online. Given that white wine sales already number in the hundreds of millions bottles, and that the future bread and butter of distributors will increasingly come from catering to consumers' tastes, white wines are destined to take a bigger share of the market. ■

ITALIAN WINE SPECIALISTS *for* GOOD WINE LOVERS

Fall in love with our selection of traditional Italian wines. Choose from our rich variety of still, sparkling, white, red and rosé, in bulk or bottled even with your own private label, while still always guaranteed by the high quality of the Sgarzi Luigi Wineries brand.



11-13
November 2015
Stand P03

www.cantinesgarzi.com



CAMPAGNA FINANZIATA ACCORDO TO EC REG. N. 1306/13