



A qualitative study of Chinese wine consumption and purchasing

Implications for Australian wines

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Abstract

Purpose – This research aims to examine Chinese consumers' wine consumption and purchasing behaviour.

Design/methodology/approach – The study, conducted during the Chinese New Year in early 2006, used in-depth interviews with 15 consumers in Guangzhou, People's Republic of China.

Findings – The results suggest that Chinese consume Chinese spirits for all occasions, yet consume red wine only for special occasions such as Chinese new year and other holidays. A key point for selling red wine to the Chinese is its positive image; drinking red wine is considered trendy and shows good taste. Another key point is consumer perceptions of red wine as healthier than Chinese spirits because wine contains less alcohol. Two other findings are that most Chinese consumers assume all wine is red wine and have little wine knowledge. Most respondents did not know of white wine or that Australia produces wine. Finally, China's culture of face value, *mianzi*, plays a key role in purchasing and consuming wine. Chinese tend to purchase inexpensive wine for private consumption and public occasions, yielding more *mianzi* in front of others. In some important occasions, consumers will purchase a foreign (French) red wine to impress their guests and obtain even more *mianzi*. In most situations, Chinese purchase and consume wine for perceived health and symbolic – lucky or good face – values.

Research limitations/implications – The small sample size is a limitation. Another limitation is that all the respondents lived in the urban area of Guangzhou, one of China's most developed cities. The findings do not generalize to China.

Practical implications – The findings suggest that wine is a symbolic product rather than a necessity product in China; therefore, image is an important attribute for selling wine in China. Furthermore, limited wine knowledge tends to make Chinese consumers rely heavily on price for their wine purchasing decisions, as price relates to *mianzi*. Chinese consumers' high awareness of France as a wine making country and their deep-rooted positive beliefs about French wines pose difficulties for marketing other foreign wines, such as Australian wines, in China.

Originality/value – This is perhaps the first academic study in English of Chinese wine consumption and wine purchasing. It offers important insights on the characteristics of wine consumption and purchasing in China.

Keywords Consumers, Consumption, China, Wines, Red wines

Paper type Research paper



Introduction

Chinese wine production has grown dramatically since the 1980s, with an average annual increase of 14 per cent from 80,000 tons in 1980 to 440,000 tons in 2005 (ASKCI, 2005; Snapshot, 2005; see Figure 1). Wine consumption has risen alongside the wine production. From 2004 to 2005, Chinese wine consumption reached 420,000 tons – 564 million bottles, which brought China into the top ten wine consumption countries (Foodmate, 2007). From 2005 to 2010, Foodmate (2007) estimates that Chinese wine

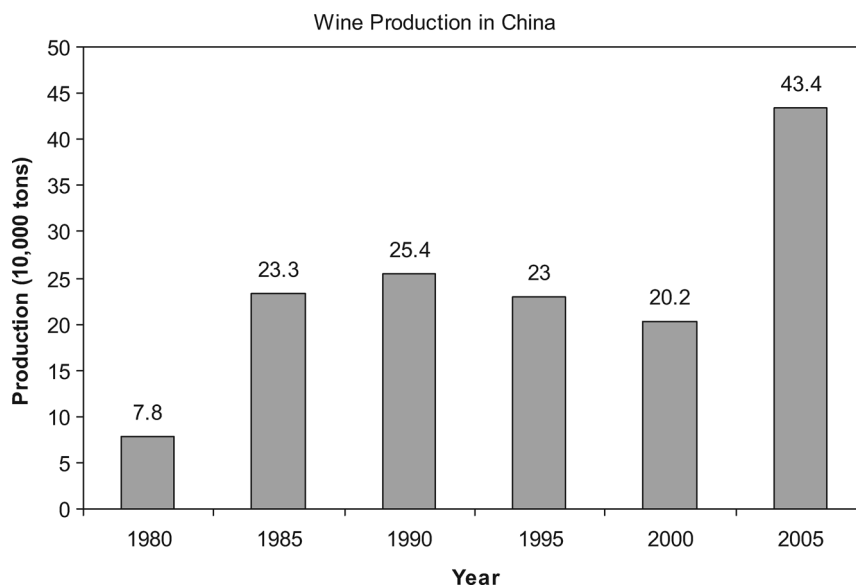


Figure 1.
Wine production in China
(1980-2005)

consumption should increase by 35 per cent, or six times the world's overall increase in wine consumption.

China's per capita wine consumption of under 0.5 litres is markedly less than the world average of 7.5 litres, and 40 times less than the 20 litres drunk in western countries such as France, Australia, and the USA (Jin, 2004). For the past 10 years, Chinese wine consumption increased from 10-15 per cent annually, grew 20 per cent in 2005, and this strong growth should continue for the foreseeable future (Jin and Zhan, 2006). China's current low per capita wine consumption, augmented by the world's largest population (1.25 billion) and decades of 7-8 per cent annual GDP growth (NBS China, 2004) has foreign wineries keen for a share of this market.

In addition, a reduced wine import duty and the Chinese government's preferential policy for foreign wines further entice foreign wineries into China (*SinoCast China Business Daily News*, 2002). Foreign wines, particularly from France, the USA, and Australia, are pouring into China (He, 2004). From January to February 2006, China imported around 18 million litres of wine valued at €14 million, and its annual wine imports increased 79 per cent in 2005 (Worldbydata, 2006). China's wine market is also becoming competitive, with many local and foreign brands available (Tang, 2005).

Despite its huge market potential, academic knowledge about Chinese consumers' wine consumption and purchases is scarce. This paper reviews literature on Chinese wine consumption and then discusses the results of qualitative interviews conducted in early 2006 in Guangzhou, China. The paper closes with managerial suggestions for exporting wine into China and proposed avenues for future research.

China's wine history

China has a rich wine history. Towards the beginning of the Han Dynasty, around 206 BC, Chinese started to grow grapes and produce wines in the Yellow River region of northeastern China (Winechina, 2005). Grape wine production, however, lagged other alcoholic beverages such as Chinese spirits due to weather and soil conditions. During

the Tang Dynasty, about 500 AD, there was still little Chinese wine production and China began importing wines, mainly from the Middle East. Due to its scarcity, only emperors, senior government officials, and rich merchants drank wine – usually for important occasions such as the emperor’s birthday (Winechina, 2005).

Chinese spirits are alcoholic beverages distilled from grains and have been the traditional drink for nearly all occasions in China. Furthermore, due to historical and cultural reasons, wine has never gained the same popularity as rice spirits or beer (Li, 2006); tradition still influences who drinks wine and on what occasion. Wine is both a luxury and image product in China. Chinese who drink wine are usually educated, wealthy, and middle or upper class (Wang, 2006). Demographics aside, many Chinese consume wine for important social or business occasions (Tang, 2006b).

Wine has a favourable image in China, but most Chinese have little wine knowledge or appreciation, such as judging wine quality or taste (Jin, 2004). Macro-factors also hinder China’s wine market. For example, few guidelines for wine advertising have led to many wine advertisements providing exaggerated or false information (Peoplenet, 2006). Yet, despite China’s rich wine history and growing wine consumption, few studies have examined Chinese wine consumption and wine purchasing. The next section describes a qualitative study to help bridge this research gap of Chinese consumers’ attitudes towards wine.

Research methodology

Due to the complex topic and limited literature of Chinese consumers’ wine purchasing behaviour, this study adopted a qualitative method (Morse, 1994). Scholars often use qualitative methods in organizational and consumer research in order to help understand “complex issues that may not be immediately implicit in surface responses” (Goulding, 2005, p. 301). Furthermore, the qualitative approach is particularly apt for experiences such as consumption (Goulding, 2005, p. 303).

This study investigated Chinese consumers’ thoughts associated with wine, wine drinking, and wine purchasing. The major research questions were:

- (1) when and where Chinese consume wine;
- (2) how frequently they drink wine;
- (3) how much they drink per occasion; and
- (4) what factors influence their wine purchasing.

For a qualitative approach, this study used in-depth interviews and a semi-structured questionnaire of open-ended questions.

Data collection

All interviewees were friends of the researcher and thus inclined to discuss frankly and openly their attitudes towards wine. Interviewing friends is common in qualitative studies as friends will accept the interview as well as share intimate thoughts (Frankel and Devers, 2000; Pottie and Sumarah, 2004). The criteria for selecting interviewees were availability, that they had consumed wine, and represented a balanced cross-section of age, gender, and income. Table I profiles the nine male and six female interviewees.

Four interviewees were in their 20s, four in their 30s, five in their 40s, and two in their 50s. Defining Chinese income levels is difficult; different areas have different income levels and income disparity is a serious problem (Zhou, 2006). China’s average

ID	Gender	Age	Highest education	Income	Occupation	Marital status	Overseas travel
A	Male	33	University	Median	Marketing executive	Married with one child	None
B	Male	24	University	Low	Engineer assistant	Single	None
C	Male	42	Senior high	High	Restaurant owner	Married with two children	HK and Singapore
D	Male	23	New Zealand university	Median	Bank customer service officer	Single	Studied in New Zealand; visited Australia.
E	Male	43	College ^a	High	Washing business owner	Married with one child	None
F	Male	44	Senior high	High	Small business owner	Married with one child	HK
G	Male	19	University freshman	Low	University student	Single	None
H	Male	60	University	Median	Retired senior executive	Married with one child	Holland, South Korea and a few others
I	Female	40	Senior high	Median	Working in a beauty shop	Married with one child	None
J	Female	25	College	Low	Airline middle management	Single	Holland, Japan, Malaysia and HK
K	Female	40	Junior high	Low	Housewife	Married with one son	None
L	Female	58	Senior high	Median	Retired government official	Married with two adult children	HK, Singapore, Thailand, Australia and a few others
M	Female	30	University	Median	Lecturer	Married with one child	HK and Australia
N	Male	35	High school	High	Entrepreneur	Married with two children	None
O	Male	34	University	Median	Account manager	Single	HK

Notes: ^aCollege degree, *da zhuan*, is a three-year degree. A university degree, *da xue*, is four years. In China, the bachelor degree is four years and a three-year degree is not a bachelor. A four-year degree is much more valued than a three-year degree

Table I.
Interviewee profiles

personal income per month is around €40, but >€120 in Guangdong, Shanghai, and a few other developed areas. Even within the same area such as Guangdong, people in urban areas could earn approximately four times as much (€480) as people living in the rural areas. Thus, differentiating low and middle income depends on developed or less developed areas as well as rural or urban areas (Sina, 2006).

As the interviews took place in an urban area of Guangzhou, the capital of Guangdong and one of China's most prosperous cities (NBS China, 2004), this study

classified four subjects earning <€300 a month as low income, seven subjects earning from €300-530 a month as middle income, and four earning >€530 as high income. Regarding education, nine subjects had or were studying towards a university degree and six had a high school diploma. The profiles show that the sample has good coverage in gender, age, income, and education level.

The researcher – a Chinese from Guangzhou, conducted and taped one hour in-depth interviews in China's official language, Mandarin. The interviews occurred from 29 January to 12 February 2006, during the Chinese New Year, an official holiday of about two weeks. Choosing this festive period for interviewing had three advantages. Interviewees are generally in a good mood and less concerned with the time spent on an interview. Finally, during Chinese New Year, Chinese have banquets with friends, colleagues, and family once or twice a day and usually drink alcoholic beverages when eating. Interviewees were comfortable and less inhibited answering questions related to wine and other alcoholic drinks.

Data analyses

Transcribing and analysing the taped interviews reinforced and clarified the interview notes. Furthermore, after reviewing the initial narratives, the researcher returned to some interviewees for a follow-up interview and clarifications (Colaizzi, 1978). General findings follow.

Wine means red wine

When the researcher asked have you tried wine, *pu tao jiu*, ten interviewees instantly asked do you mean red wine, or *ni shi shuo hong pu tao jiu ma?* After the researcher explained that wine could be red or white, they said they knew and had drunk only red wine. They never tried nor knew about white wine. In their minds, there were four types of alcoholic drinks: *hong jiu* or red wine, *pi jiu* or beer, *bai jiu* or Chinese spirits, and *yang jiu* or foreign spirits. Similarly, Fu (2004) noted that most Chinese think red wine represents the entire wine category.

Of the five interviewees who knew both red wine and white wine, D and H mostly drank red wine, as it was more available in the market. A and C mostly drank red wines, albeit for a different reason; red is a lucky colour in the Chinese culture. The other subject, J, also drank more red wine due to availability, but she preferred white wines as they were sweeter. She added that companies should promote white wine much more aggressively in China.

These results suggest that Chinese have poor general knowledge about wine; two-thirds of the interviewees were unaware of white wine. White wine may be less popular because it does not fit Chinese culture. Red is a lucky colour, associated with good things such as weddings and birthdays. White is an unlucky colour, often associated with funerals. Besides the lucky association, Fu (2004) argued that red wine sold better in China as it has a stronger taste than white wine; the Chinese prefer strong taste. Given the low awareness of white wine, the following section discusses Chinese consumers' attitudes towards red wine only (see Table II).

Chinese attitudes associated with red wine

When asked about thoughts associated with red wine, all 15 interviewees began with differences between red wine and Chinese spirits. Later, interviewees B and I compared red wine with beer and J compared red wine with foreign spirits. In these Chinese

Thoughts	Count
Choosing red wine or Chinese spirits depends on the occasion	11
Red wine is less strong and thus healthier than Chinese spirits	8
Red wine has positive symbolic meaning (e.g. lucky and prosperous)	8
Red wine is particularly good for occasions such as spring festivals or celebrating good things	8
Drinking red wine indicates good social image	7
People drinking red wine cares about their face or image	5
Drinking wine is more elegant and gracious than drinking Chinese spirits	4
Red wine is particularly good for occasions such as banquets with important <i>guan xi hu</i> .	3
Chinese know much less about wine, than about Chinese spirits	3
Red wine is expensive	3
Well-educated people with good income drink red wine	2
You can mix red wine with other drinks (e.g. sprite) so you drink less alcohol	2
Beer tastes better than red wine	2
Red wine cannot replace Chinese spirits	2
Red wine is good for those who are not very good at drinking	2
Red wine drinkers are young and modern	2
Wine suits women more than men as it contains less alcohol	2
People who often drink red wine like following western lifestyles	2
<i>Xiaozi</i> ^a prefer red wine	1
Wine suits get-togethers with less familiar or new friends as nobody would get drunk. (getting drunk in public is embarrassing)	1
Red wine tastes good	1
You can mix red wine with other drinks (e.g. sprite) so you can try more varieties than Chinese spirits	1
Red wine is a better gift choice than spirits	1
People above 40, white collared, will like red wine	1
Chinese spirits have a bigger market than red wine as people drinking red wine are a small group	1
Wine is for appreciation not for competition like Chinese spirits (Chinese like to compete on the quantity they drink when they consume Chinese spirits)	1

Notes: ^a*Xiaozi* directly translates as small capitalist. Compared to other middle-class Chinese, this subset is extremely concerned with image and tends to consume expensive and branded goods to show that they live better than others do. They often favour western lifestyles

Table II.
Interviewee thoughts associated with red wine

consumers' perceptual maps of alcoholic drinks, red wine's main competitor was Chinese spirits.

Eleven out of 15 interviewees said that drinking Chinese spirits or red wine depended on the occasion or *chang he*. Among these 11 interviewees, eight said that red wine was particularly good for celebrating Chinese New Year and other holidays as red symbolises prosperity, luck, and good fortune. Interviewees C, E, and F, all businessmen, – said that red wine was good for banquets with important business connections or *guan xi hu*. This common thread among the businessmen suggested that red wine is starting to appear in business banquets, traditionally dominated by Chinese or foreign spirits.

Besides occasion, another important thought related to red wine was attributes. Red wine's health aspect was the most important, and most recalled, attribute. Some of this perception may stem from Chinese Prime Minister Zhu's 1997 speech promoting

red wine as healthy (Anderson, 2001). Eight of 15 interviewees believed that red wine was healthier than Chinese spirits as it contained less alcohol. Of these eight interviewees, four were high income earners (C, E, F, and N) and four were middle income (A, H, I, and M). Living healthy is an emerging trend for China's middle- and upper-income classes, so red wine's health aspect probably attracts wealthier Chinese.

Comments from subject C, a businessperson, covered the major perceived benefits that Chinese consumers had regarding drinking red wine (see below). Due to his age, he appeared to emphasise the health aspect of the red wine.

If I had a choice, I would drink red wines in most social get-togethers. Red wines contain less alcohol so it is not as "lie" (strong) as Chinese spirits or foreign spirits; therefore, it is better for health. You know, at my age, when you reach 40, you must take care of your health. You can't drink alcohol as if you drank when you were 18 or 20 year old. Also, there are different ways of drinking red wine such as straight red wine or red wine mixed with something else like a cocktail (so it is less alcoholic). Even elderly people and young kids can drink red wines whilst these people won't be up for Chinese or foreign spirits. In addition, red wine indicates "good luck" so it is good for important occasions such as birthday parties and festivals.

Other attributes mentioned were red wine indicates good social image; people who drink it have good taste (B, C, E, G, I, M, and O). Red wine is expensive (B, G, and O), beer tastes better than red wine (B and M), and red wine is not strong enough (B). Compared with the health and social image, the other attributes seemed less important.

Consumers evaluate products on intrinsic and extrinsic cues (Ophuis and van Trijp, 1995). Wine's intrinsic cues include physical attributes such as colour, aroma, and taste, which "cannot be changed without changing the physical product itself"; extrinsic cues associate with the product but are "not physically part of the product" such as brand, price, and distribution (Dimara and Skuras, 2001, p. 692). Healthy seems an extrinsic attribute as it stems from the perceptions that red wine contains less alcohol than Chinese spirits, and red wine is a fruit- rather than rice-based drink. Good social image is also an extrinsic cue.

The above analyses indicate that extrinsic rather than intrinsic attributes dominate Chinese consumers' perceptions. This also suggests that Chinese consumers know little about wine and aligns with studies of intrinsic vs extrinsic cues. Expert consumers, knowledgeable about the product, rely more on intrinsic product cues, while novice consumers with little product knowledge tend to rely more on extrinsic cues (Maheswaran, 1994; Laroche, 2005).

A final category of thoughts related to who consumes wine. The most frequently mentioned statement was red wine drinkers are conscious about their face or image (B, H, I, J, and M). Being conscious of *mianzi*, directly translated as face (Graham and Lam, 2003), is a key Chinese characteristic; people are conscious of what other people think about them (Zhang, 1996). Four respondents (D, G, J, and I) noted that drinking wine was more elegant and gracious than drinking Chinese spirits. Two subjects (M and O) commented that people who often drink red wine like to follow the western ways of life as red wine indicates something non-Chinese or, in particular, western. These results confirm the importance of extrinsic cues.

Drinking red wine suggests good social image, elegance, and grace, all of which indicate good *mianzi*. However, the perception that red wine drinkers are conscious about their *mianzi* could be negative. For example, Subject M, a well-educated female in her early 30s, told the researcher that:

Red wine is particularly attractive to those Xiaozi (Small Bourgeois) people but I am not a Xiaozi type of person. (Why?) Well, I will consider myself a middle-class person with good income and education but a Xiaozi person is different. Xiaozi is not decided by education or income, but rather by the *xingtai* (values). Some people may not have high income but they are very concerned with their public image. They want to be seen as unique and different. When they speak, they will always use a few English words in a Chinese sentence. They would also speak Chinese with a somewhat different *qiandiao* (intonation).

They like to follow the trends and fashions from western countries. For example, they would drink Cappuccino rather than tea. A Xiaozi type of person may earn only 3000 yuan a month but he or she could spend 4000 yuan on a Luis Vuitton bag. Frankly speaking, Cantonese (Chinese living in and around Guangdong province) people seem to be less *xiaozi* because Cantonese are very *shiji* (practical or down to earth) so they care more about the actual functions or benefits of a product rather than the image. For example, a rich Cantonese man may drive a BMW (an expensive car in China) but he will stop in a small takeaway at a street corner to buy a bowl of beef noodles if he thinks the noodles are good. This will never happen with a Xiaozi type of person.

The drinking scent

When asked how often they drank wine, the responses were one to three times a month (A, C, D, E, and F), one to three times a year (J, K, L, M, N, and O), and once or twice in their life (B, G, and I). Four out of the five heavy drinkers, albeit light drinkers compared to Australians, were businessmen over 40, and had the highest income. They had more opportunities to drink red wine as they attended more business and social functions. The middle group comprised younger (<40 years), middle-income earners. The sole commonality among the light drinkers, a male university student, a recent male graduate now working, and a middle-aged female beautician, was that they liked to drink beer.

Five interviewees (B, F, G, I, and K) drank only Chinese red wines and had never tried foreign wines. The other ten had drunk foreign red wines, but mainly drank Chinese wines. Five (D, H, J, L, and M) tried foreign wines because they visited or studied in other countries, such as Australia and Holland. Another (O) tried Australian wine because his Australian relative brought a bottle of wine when visiting his family in Guangzhou, and another (A) tried foreign red wine once at a company social function. Only two high-income businessmen (C and E) purchased foreign red wines in China; both bought French wine. Except for high-income businessmen, foreign wines appear to have not penetrated all segments of the Chinese market.

Twelve interviewees named Great Wall as their favourite Chinese brand, two said Changyu, and one identified Great Wall and Changyu as favourites. Great Wall and Changyu advertise heavily on TV (Wang, 2006). For example, Changyu spent around €6 million annually on TV advertising the past couple of years (Jin and Zhan, 2006). Eight interviewees who drank foreign wines could not remember or identify a favourite foreign brand. Respondent C noted French and American regions, Bordeaux and California. Respondent A mentioned Chivas, a scotch whisky, as his favourite foreign red wine, highlighting a lack of wine knowledge and confusion among foreign alcoholic beverages. The results imply that despite growing competition (Tang, 2005), there are many opportunities for foreign wines in China; the market has only two dominant Chinese brands and no dominant foreign brand.

Relationships among gender, buying occasion, and price

Wine buying seemed gender-specific. Except an older female, L, who once purchased a bottle of red wine to celebrate Chinese new year, the female interviewees had no purchasing experience. Except for two young males, B and G, all the male interviewees had purchased red wine. Buying wine may be a man's job but this needs to be interpreted with caution due to a smaller number of female subjects in this study.

When asked about factors related to purchasing wine, all 15 interviewees said that *chang he*, or occasion in English, was critical. The Chinese definition of occasion focuses on who one socialises with, such as family members or colleagues, rather than where, e.g. at home or at a restaurant. Price related closely to occasion when they purchased wine. All interviewees said they would purchase wine at different price ranges, based on private or public occasions.

In a public situation, the sample tended towards purchasing expensive wine. In a private situation, they would purchase less expensive wine. This finding implies that purchasing behaviour differs towards goods consumed publicly and privately (Gentry *et al.*, 2006). In China, however, a private occasion or *si ren chang he* involves the individual, spouse, children, and even parents if they live in the same household. In contrast, a public occasion or *gong gong chang he* includes all others such as close friend, relatives, colleagues, and business connections. The respondents' comments aligned with claims that Chinese consume different wines depending on the *chang he* (Beijing Qing Nian Bao, 2005; 52jb, 2006).

Mianzi helps explain the close relationship between occasion and price. China is a collectivist society and *mianzi* has important implications on consumer buying; what consumers purchase may influence what others think about them. For example, for the sake of getting face they may purchase foreign products even though they have bad attitudes towards foreign products (Zhou and Belk, 2004). When the occasion is a public occasion, *mianzi* is more important because public occasions involve observations by less familiar people.

In China, different prices have different face values. Wine is seen as a luxury product and consumption of luxury products often symbolises personal identity and social status in China (Chen, 2005). Therefore, people drinking red wine for public occasions earn *mianzi*. Similarly, price indicates face value, i.e. the higher the price, the higher the *mianzi*.

Eleven interviewees would rarely consume wine in private occasions. The four who would consume wine in a private occasion (C, E, F, and M), all high income earners, would buy inexpensive wine. They saw little difference between cheap and expensive wine, thus they preferred less expensive wine. Their comments underscored minimal wine knowledge and appreciation by Chinese consumers, even frequent drinkers. Their comments also suggested that Chinese consumers are price conscious and even a person who can afford expensive wine, which should indicate better quality, prefers inexpensive wine for private occasions.

For public occasions, the face value of price becomes important. The interviewee responses suggested three categories of public occasions: *shu ren* or familiar people such as close friends and relatives; *bu shu de ren* or unfamiliar people such as ordinary friends and colleagues; and finally, *guan xi hu* or important business connections. The relationship between the host and guests influences choosing wines at different prices (see Figure 2). For occasions with close friends or family, an inexpensive bottle of local red wine is appropriate for this close circle, *mianzi* is less a concern. For important occasions such as going out with *guan xi hu*, they would probably purchase an expensive foreign wine for excellent face.

According to Figure 2, the sample considered local wines for all occasions but considered foreign wines only for occasions involving important business contacts. In China, most foreign wines cost €11, while most local wines cost from €1.2 to €11 (Cnwine, 2004). Thus, few consumers would purchase foreign wines for most occasions. Of the four businesspersons who considered expensive wines for important business contacts at a banquet, three would consider both local and foreign wines depending on the guests.

The literature supports these findings on foreign and local brands. For example, Zhan *et al.* (1997) argued that purchasing foreign or local wines related to the importance of the social function because foreign wines generally cost more than local wines in China. Yet for private consumption, Tang (2005) claimed that Chinese tended to choose local wines that provide better value for money. Another factor regarding purchasing local or foreign brands is consumer ethnocentrism. With China playing an increasingly important role in the world's economy, consumer ethnocentrism is rising in today's China (Liu *et al.*, 2006). For example, Subject L, a female in her 50s, said that:

In China, I mostly drink local wines like Greatwall. Of course, I also drink foreign wines like French wines if others provide them in banquets. I visited Australia and tried Australian wines. However, frankly speaking, I could not tell the differences between Chinese wine and foreign wine. If the wine is the same, I don't see any particular reason that I should purchase foreign wines. I feel that our country has caught up with those developed countries in many areas; thus most of the time, I will purchase only local brands.

Vintage and place of origin

Although less important than price, the respondents also mentioned vintage and place of production. For example, 13 of the 15 interviewees (except B and G) said they looked at the year of production when purchasing red wine and nine believed the older, the better. Subject D disagreed, arguing that other factors influenced wine quality such as the quality of the grapes picked in that year. The importance of age is a common, albeit incorrect perception that Chinese consumers have of red wine, indicating low wine knowledge (Ren, 2005).

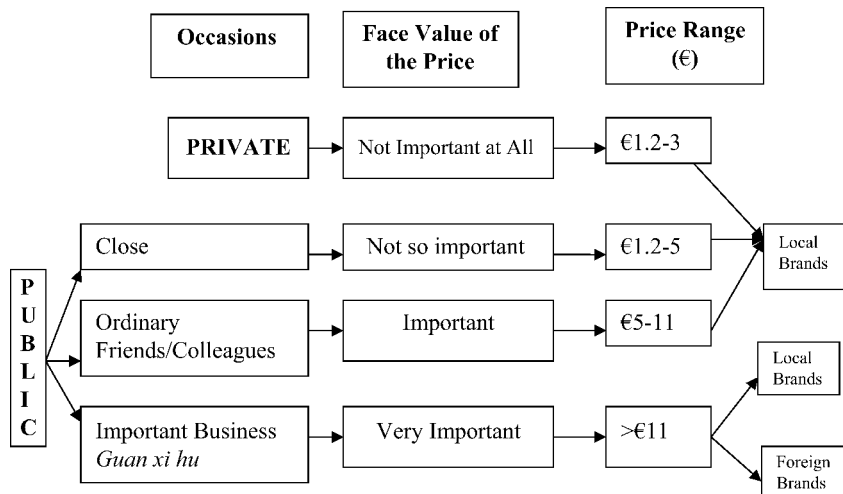


Figure 2. Occasion, price and wine purchasing in China (€1 = 10 RMB in Chinese currency)

For six interviewees (C, D, E, F, H, and O), the place of production influenced their purchasing. For example, subject E said that “Yantai is particularly good for growing grapes. Wines produced there, such as Changyu wines, are better quality those wines from other Chinese areas”. The vintage and place of production seemed equally important to most subjects except subject F. He believed that the place of production was more important than the vintage. Only three subjects (H, J, and O) said they would also look at the percentage of alcohol when they purchased wine.

Awareness of Australian wines

As the researcher is from an Australian institution, she asked about Australian red wines. Despite Australia’s international reputation for wine, six interviewees (B, G, I, J, K, and N) including one of the four businessmen (N) had no idea Australia produced wine. Those aware of Australian wines knew little about them. In contrast, all 15 interviewees knew of French wine and believed that France produced quality wine. Awareness is a huge problem for selling Australian wines in China. For example, Subject A, an executive at a travel agency, said:

French spirits are generally perceived as good in China, for example, Napoleon, VSOP, rentouma (Remy Martin) Chinese people have known these French spirits for more than 20 years since the open-door policy started in late 1970s. Therefore, people believe that French wine is also very good. Chinese people probably know that Australian lobsters are good but they know very little about Australian wine. I think Australian wines need to do more advertising to build awareness.

When asked about selling Australian wines in China, ten interviewees said the biggest problem was poor awareness. Most interviewees suggested using mass media such as TV to increase Chinese awareness of Australian wines. In addition to poor awareness, Table III below lists the interviewees’ thoughts on problems, such as a poor image and poor distribution channels, and suggestions for selling Australian wines in China.

Discussion

This is perhaps the first academic study in English of Chinese wine consumption and wine purchasing. Despite the small sample size, the results offer several key findings, future research avenues, and a framework for large-scale quantitative studies.

Problems	Count	Suggested solutions	Count
Poor awareness	11	Mass advertising such as TV	8
		In-store displays	1
		Free tastings	1
Poorer image than French wines	1	Mass advertising such as TV	1
Do not know the taste, thus hesitant to purchase	1	Free tastings	1
Available in big cities only	1	Go to middle or small size cities	1
Poor distribution in China	1	Airport duty-free shops as a distribution channel	1
High price	1	Reduce price	1
Poorer quality than French wines	1	Increase quality	1

Table III.
Perceived problems
selling Australian wines
in China

Industry implications

The majority of the sample perceived all wine as red wine. Thus, red wine is far more popular in China than white wine. Just one of the 15 interviewees liked white wine. The colour red has positive symbolic meanings to the Chinese, while white has negative symbolism. Furthermore, the Chinese may perceive white wine as just that, white in colour similar to milk. At the micro level, marketing white wine in China could target a market segment such as young, trendy females who may prefer sweeter and lighter tastes.

At a macro level, Australian vintners could consider renaming white wine. While pale green or light green reflect the wine's colour better than white, green seems a bad choice. If a Chinese man's wife has an affair, the man is regarded as wearing a green hat. Two other colours however, light golden or *dan jin se*, and amber or *hu po se*, could be good choices. Chinese are familiar with the gem amber and the precious metal gold. Furthermore, when marketing white wine in China, it may be good to advise that white wine is transparent or *tou ming*. Being transparent indicates good quality to the Chinese.

The findings in this study supports that wine is an image product in China, rather than a necessity product in western countries such as Australia (Qian, 2005). Most interviewees believed that drinking wine indicated good social image and that people who drank wine were image conscious. For marketing wine in China, building brand image is important. Brand image should focus on being trendy, successful, and healthy (Tang, 2006a).

Another important finding was that consumers drank red wine only in specific occasions such as celebrating the Chinese New Year. Red wine as a product category lags Chinese spirits. In Chinese perceptions, Chinese spirits are for any occasion but red wine is for specific occasions. The growing concern for living a healthy life may help promote red wine. Regardless of gender, middle to upper income respondents noted this health aspect of red wine.

Mianzi, or face, is critical with the Chinese and the wine purchasing decision is contingent on occasion and price. The majority of the sample would purchase wines according to the face value associated with the occasion and price. In a private occasion such as a banquet with immediate family, the purchaser would often choose a cheap local wine; face was not a concern. Yet for a banquet with *guan xi hu*, face was critical and the purchaser would choose an expensive wine, perhaps a foreign wine from France. The decision to purchase a local or foreign wine relates directly to the face value of the price.

Academic implications and future research

Consumers differ in purchasing decisions for image and necessity products (Walsh *et al.*, 2001). Consumers are often brand conscious with image products; they tend to purchase more expensive and well-known brands. With necessities, consumers are often price conscious; they tend to purchase inexpensive brands and seek value for money. This study extends that literature, showing that towards an image product, wine, Chinese consumers may incorporate both value and brand consciousness, contingent on the consumption occasion. With a good understanding of Chinese consumers' attitudes towards foreign brands, the Swedish furniture giant Ikea slashed their prices while maintaining their foreign brand appeal in China (Fong, 2006).

In this study, all subjects except D only discussed drinking wine in restaurants. Besides restaurants, wine is becoming popular in clubs, discos, and Karaoke (Tang, 2006b). Subject D mentioned that besides restaurants, he often drank wine in clubs with a few close friends. Future research should investigate whether wine consumption differs by place, *chang suo*.

The findings in this study led to a proposed model of Chinese wine purchasing (see Figure 3). The importance of the occasion should influence the price that consumers pay for red wine. Since foreign wine is expensive, income level should moderate price's effect on the purchasing decision. For an important occasion, a consumer may purchase wine costing over €12. However, considering income, this consumer may choose a €6-9 wine. In addition to price, vintage and place of production may influence wine purchasing. The level of wine knowledge may moderate the effect of price, vintage, and place of production on purchasing intention. Demographic variables such as gender, income, and education may be important covariates in the making wine purchasing decision. Quantitative research of this model is one of several fruitful future research avenues.

Future research should also investigate how other factors, such as country of origin and consumer ethnocentrism (Liu *et al.*, 2006), relate to Chinese purchasing a foreign or local wine at similar price levels (refer to Figure 2). For example, will Chinese consumers have different perceptions about Australian and Chinese wines and will these perceptions influence their wine purchasing?

China's GDP per capita reached US\$ 1,000 (equivalent to €720) in 2006 and when a country's GDP reaches this level, consumers tend to shift their consumption from necessity goods to trendy and healthy goods (Jin, 2006). Furthermore, China's per capita wine expenditure is just one sixth of their per capita expenditures on beer, Chinese spirits, and milk (Jin, 2006). Therefore, Chinese wine consumption, particularly red wine, should grow strongly in the next decade. There is a bright window of opportunity for Australia's wine industry and academic community to research and subsequently design marketing programs to reach Chinese consumers.

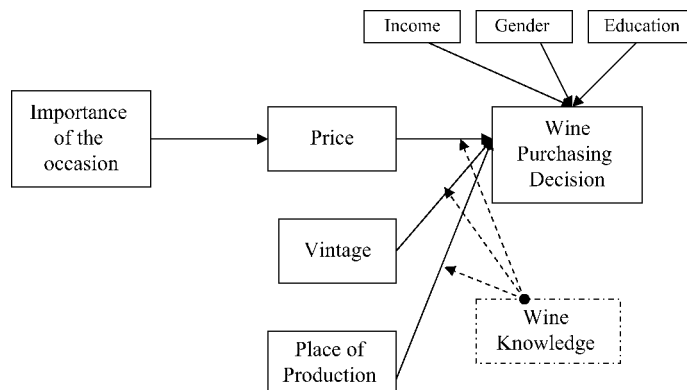


Figure 3.
A wine purchasing
decision model of Chinese
consumers

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Further reading

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