

"Mobile users don't read text, they visually scan images. Consumers need to be able to clearly see the brand"

# Learning from China

Jo Gilbert looks at the opportunity for wine among the world's biggest online consumer group and its growing appetite for western provenance

It has become a bit of a joke in Bordeaux – if you ask a producer, "are you exporting more?" and they say no, then you might as well add the caveat "except to China, obviously".

China hasn't just become the biggest market for Bordeaux, where a constantly growing middle class loves sipping better than classic chard – it is the biggest consumer market in the world.

Nowhere is China's massive spending power more apparent than online, where e-commerce sales in the country are tipped to hit 0.24 trillion a year by 2015, driven mainly by the rapid uptake in mobile technology.

This makes China the biggest online retail market opportunity in the world, according to Andrew Pearl, director of strategy and insights at ProSpero, who says that China's 730 million internet users should make wine and spirits producers outside of Asia sit up and take notice.

One of the main reasons for this is the growing thirst for wine and also "western provenance" in general.

The growth of wine in the country has certainly rocketed recently, with imports doubling in the three years to December 2014.

The number of regular purchasers has also grown and is now in excess of 30 million (China Association for Imports & Exports of Wines & Spirits).

And this isn't just top-end Bordeaux. Mid-range wine is making up an increasing share of imports as wine becomes more of an everyday luxury.

However, tapping into this market means understanding the e-commerce landscape, which looks very different to the one many in the west are used to.

Between them, China's biggest online retail platforms Tmall (owned by giant Alibaba) and JD capture 80% of China's e-commerce market, dwarfing the likes of Amazon, which only accounted for 1.0% of sales in 2014.

As well as being one of the most lucrative, because of controls on foreign websites such as Google, China has traditionally been one of the most difficult markets for



global consumer brands to break.

However, there are signs that this might be changing. According to Pearl: "China is the world's largest and fastest growing e-commerce market and sites such as Tmall and JD are actively recruiting western brands. This is very clear in the fashion and beauty sector and also with alcohol brands such as whisky. There is a huge focus on western provenance and demand for western goods."

## Mobile transactions

The UK needs to inherit China's digital trends and, at the moment, digital infrastructure in China is "much more advanced in terms of mobile availability", Pearl points out.

This is perhaps because of the scale of demand. More than 35% of China's 1.3 billion citizens are online as of December 2014 – more than any other country – and around 70% of Chinese digital consumers use mobile for online purchases (as opposed to tablets and computers).

However, with one of the highest mobile

adoption rates in Europe (due to a jump from 70% of the population in 2011 to 79% in 2012, according to Statista), the UK isn't far behind.

Pearl says this is a strong incentive for UK businesses to focus on developing mobile first strategies: "Everything in China is dominated by mobile, meaning the vast majority of traffic is read on a screen which is 5.1 inches in diameter or less. This affects how companies market brands. Research shows that mobile users don't read text, they visually scan images. Consumers need to be able to clearly see the brand, also the type of alcohol – spirits or wine."

On top of visiting mobile sites more regularly, research shows that consumers are also more engaged with China's online platforms.

The Boston Consulting Group found that China's consumers spend almost 30 minutes a day on Alibaba's Taobao marketplace – three times longer than a US consumer typically spends on Amazon.

Even with China's inward-looking government, a demanding consumer market means that the country's retailers are finding ways to connect east and west and to broaden opportunities on both sides.

Equally, the country's online growth and its 730 million internet users are 730 million reasons for the west to pay attention to the likes of Alibaba and JD's success. ●

“There is a huge demand for western goods”  
Andrew Pearl