



# FY 2020-21 MARKET STRATEGY & PROMOTION PLAN

*ASIA*

*Christopher Beros*

*Export Committee Meeting - May 6, 2020*

# MARKET OVERVIEW



## ASIA

- Tariffs and Economic slowdown took its toll in 2019
  - Export value to Asia declined 14.7% in 2019 to \$233 million primarily due to fewer exports to the PRC and Hong Kong
  - Export volume declined 6.2%
- Bright spots:
  - South Korea; +7% value & 24% volume
  - Philippines; +29% value and 35% volume
- Hong Kong: \$113 million, 8.3% of total U.S. wine exports, 3<sup>rd</sup> largest export market after Canada and the U.K.
- PRC: \$39 million, 3% of total U.S. wine exports in 2019 5<sup>th</sup> largest market
  - Was \$56 million and \$82 million in 2015 and 2016, respectively
  - Result of tariffs now at 93% (tariff and taxes) compared to 41% for EU and 23% for Chile, Australia & New Zealand

# SWOT ANALYSIS



ASIA			
STRENGTH	<ul style="list-style-type: none"> <li>• Large</li> <li>• Growing; 2-8% CAGR</li> <li>• Early stage – plenty of upside</li> <li>• Positive perception of CA wines</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer perception that CA wines are too expensive</li> <li>• Limited distribution vs. competitors</li> <li>• Lack of broad education about CA wines</li> <li>• Fragmented distribution</li> </ul>	WEAKNESS
OPPORTUNITY	<ul style="list-style-type: none"> <li>• Market share growth</li> <li>• Sales growth</li> <li>• Increased education</li> <li>• Increased penetration</li> </ul>	<ul style="list-style-type: none"> <li>• Tariffs and trade frictions</li> <li>• Well-funded competitive regions</li> <li>• Competitors price advantages</li> <li>• Educators old world / Australian / New Zealand / Chilean bias</li> </ul>	THREAT

# MARKET PERFORMANCE



## ***Value – Year End Dec 2019***

- \$233 million, down 14.7%
- Global Trade Atlas – 2204, 2205, 2206
- (China was down 34% and was 17% of the total)

## ***Volume – Year End Dec 2019***

- 35.4 million liters, down 6.2%
- Global Trade Atlas – 2204, 2205, 2206
- (China was down 27% and was 25% of the total)

## ***Market Share – Year End 2019***

- Asian countries covered represent 17 % of CA wine exports to the world
- Countries vary but in most cases France, Australia, Chile and Italy are the most significant competitors with market share ranging from 15-65%
- Global Trade Atlas – 2204, 2205, 2206

## ***Image & Awareness –2019***

- Awareness of CA wine is getting stronger, China is at 39%
- Perception of quality is high
- Pricing is also perceived as relatively high
- *Source: Wine Intelligence*

## **Market Trends:**

- According to Wine Intelligence, all Asian countries' wine markets (except Hong Kong) are classified as "Growth", "Emerging" or "New Emerging". Hong Kong is classified as "Established" (No Asia country is in the "Mature" category)
- Increasing consumer sophistication and penetration
- Impact of tariffs has been significant

# KEY INSIGHTS



## *Asia*

- Vast differences between markets dictate different strategies for each
  - **PRC:** Very large, growing, competitive, still nascent (very new to the world of wine but with increasing sophistication), rapidly developing consumer psychographics, highly regionalized, plagued by tariffs
  - **Hong Kong:** Large, mature, competitive, modest growth potential
  - **Korea:** Easily addressable with half the population of 51MM live in Greater Seoul, but negative growth. Good intermediate opportunity
  - **Vietnam:** New Emerging market, wine is still relatively new & unknown, showing potential, fragmented without robust on or off trade channels lacks sophistication & knowledgeable KOL's highly favorable demographics, highly aspiration consumer population that is increasingly affluent
  - **Philippines:** Expanding middle class, 110MM population, dominant market share, big growth opportunity, premiumization
  - **Singapore:** Population of 6MM, well-established, on and off trade, modest growth potential
  - **Taiwan:** Population of 24MM, not growing, modest opportunity for growth and volume

## CONCLUSIONS:

Each unique market calls for a unique strategy which, in turn, demands different and/or varying degrees to activities and focus. Depending on the market, the strategy might be to increase market share, absolute growth in exports or more qualitative goals (such as with Vietnam)

# STRATEGY-ON-A-PAGE



## Key Priorities:

- ***Increase market share over ten years***
  - *PRC: 10 points, HK: 5 points, Korea: 7.5 points, Taiwan: 5 points*
- ***Over ten years increase exports by a factor of:***
  - *Philippines: 1.5x current exports, Singapore: 2.5x current exports*
  - *Vietnam: Expanded presence*

## Strategic Pillars & Objectives:

### **Pillar #1**

*Increase knowledge,  
awareness and  
receptivity to California  
wines*

### **Pillar #2**

*Develop relationships  
who can provide  
marketing leverage to  
CWI's Asian activities*

### **Pillar #3**

*Execute activities and  
events that are rich in  
content and  
memorable*

# NEW PROGRAM; *WINE MAKER SERIES*



**Objective:** To educate Asian trade about California wine through the lens of the wine-maker

**Priorities:** Two trips a year to three cities in Asia

## **Program Description:**

- *Winemaker series will be a series of seminars and tasting over the course of a week in three Asia cities*
- *The winemaker will present a seminar and tasting highlighting varietal, stylistic or terroir driven aspects of the wine*
- *The program will be published up to 18 months in advance so trade can see upcoming visits and plan for them*

# NEW PROGRAM; *PINOT NOIR* *COMPARATIVE SHOWCASE*



**Objective:** To educate Asian trade about California pinot noir by comparison and a panel discussion to reveal the “wow!” factor of California pinot noir

**Priorities:** Three cities in Asia; Hong Kong, Shanghai and Seoul

## **Program Description:**

- *Three flights of four wines, one in each flight not from CA*
- *Panel will include Elaine Chakan Brown, Darius Allyn, MS and Sashi Moorman (Domaine de la Cote)*
- *True overview of all pinot noir producing regions of California compared to some benchmark pinot from Burgundy and elsewhere*

# NEW PROGRAM; ***SOCIAL MEDIA LIFESTYLE PROJECT***



**Objective:** Develop more interest in California wines from consumers via social media through lifestyle themes

**Priorities:** Lifestyle consumers in Hong Kong and China

## **Program Description:**

- *Aggressively pursue social media interest utilizing lifestyle themes locally, in California and internationally*
  - *Use of KOL's*
  - *Originally created content*
  - *Third part developed content*

# ***NEW PROGRAM; NEW WORLD ALLIANCE BY GRAPEA***



**Objective:** Promote California as world class wine growing region through the credibility and stature of Grapea and Lu Yang, MS

**Priorities:** Reach key trade and consumers in China

## **Program Description:**

- Consolidated marketing campaign uniting 6 major New World countries, powered by Grapea
- Promote these countries and their wines through both online platforms (WeChat, Weibo, Tmall, DianPing, TikTok, Yi Live...) and offline events for both trade and consumers
- To raise the awareness of New World wines, to educate and influence the audience, to generate the potential sales in mainland China market.

# PROPOSED ACTIVITIES



2019/2020	Event/Activity	Target	Location
June 12-October 12	New World Alliance by Grapea	Wine professionals and consumers	China
August	California Wine Month	Multiple	Hong Kong
August 20	Watson's promotion (two weeks)	100's of Consumers	Hong Kong
September	Master classes and consumer tastings	Wine professionals and consumers	Shanghai, Guangzhou, Chengdu, Dalian, China
September 1st – October 18	Element Fresh on-premise promotion (6 weeks)	100's of consumers	China
October 19-29	Fall Asia Vintners' Tour 2020	1000 trade	Hong Kong, Shanghai, Seoul, Tokyo, Taipei
October 19-23	Pinot Noir Comparative Showcase	300 trade and media	Hong Kong, Shanghai, Seoul
TBD	Pan Asian importer to Central Coast	15 Asian importers	Central Coast
November 10-12	Prowine China	750 trade	Shanghai
February 23-25	Vinexpo Hong Kong	1000 trade	Hong Kong
March 1-5	Mini-Tour	1000 trade	Vietnam, Manila, Singapore
March 12	New World Wine Showcase	500 trade	Chengdu
March 15	Tangjiuhui Exhibition	750 trade	Chengdu
February and June 2021	Wine Maker Series	100 trade	Hong Kong, Seoul, Shanghai, Manila
May 18-21, 2021	Prowine Asia	750 trade	Hong Kong

# KEY DATES



## Deadlines for Winery Participation

Program Name	Activity	Date
Fall Asia Vintners' Tour	Registration and Wine Consolidation	Late July / Early August 2020
Prowine - China	Registration and Wine Consolidation	September 2020
Vinexpo – Hong Kong	Registration and Wine Consolidation	November 2020
Tangjiuhui – Chengdu, China	Registration	January 2021
New World Wine Showcase – (pre-Tangjiuhui)	Registration	January 2021



# THANK YOU!

*Stay Safe and Wear a Mask!*