

CALIFORNIAN WINE SUMMARY REPORT



2020 – 2021 VIETNAM



UNITED BASE CO., LTD.

5th Floor, B10, Lot C4-1, Phu Ma Duong Building
79/3, Hoang Van Thai St., Phu My Hung, District 7, HCMC, Vietnam
Tel: +8428-5413.6550

Californian Wine in Vietnam

Report Content

The Domestic Report of Wine include:

- A written summary highlighting the latest trends in the country regarding alcohol beverage in general & Californian wine
- Economic and demographic data
- Forecasts by price segment for the coming year
- Major distributors and their portfolios
- Market report
- Identify the education levels of professionals and consumers in the market
- Wine Group & Association in Vietnam
- The process and issues related to importing wine into Vietnam
- Recommendations to Californian Wine Institute about the best way to leverage the Vietnamese market for California wines.

About The Californian Wine Institute

Wine Institute is an association of 1,000 California wineries and wine-related businesses that initiate and advocate public policy to enhance the environment for the responsible production, consumption and enjoyment of wine.

The organization contributes to the economic and environmental vitality of California and the U.S. through leadership in sustainable winegrowing, an international marketing program that promotes awareness of and appreciation for California wines throughout the world, and a partnership with Visit California to showcase the state's diverse and abundant wine and food offerings.

Table of Contents

<p>1. In-depth overview of the wine category in Vietnam</p> <ul style="list-style-type: none"> • Alcohol Beverage Summary • Key Market Statistics • Key Economic Indicators • Country Summary • Total Alcohol Beverage by Category Market Summary • Wine Summary <ul style="list-style-type: none"> - Consumption Summary - By Category — Historical and Forecast Growth Rates. - Share of On- vs Off-Premise - Ecommerce - Share By Leading Company (Owner) - Leading Brands • Channel Split by Category • Ecommerce Value and Share • Category Summary • Wine 2020 & 2021 Volume vs Growth • Channel Split by Beverage Alcohol Category • Ecommerce Value • Still Wines • Sparkling Wines • Other Wines 	<p>Page 5-30</p>
<p>2. Californian Wine Importers / Brands in Vietnam</p>	<p>Page 31-35</p>
<p>3. Identify the education levels of professionals and consumers in the market. Wine Group & Association in Vietnam</p>	<p>Page 38-39</p>
<p>4. Sommeliers / Wine Stewards / Wine Specialists roles in Vietnam</p>	<p>Page 40-41</p>
<p>5. Process issues related to importing wine into Vietnam</p>	<p>Page 42</p>
<p>6. Recommendation to Californian Wine Institute about the best way to pursue the Vietnamese market for California wines.</p>	<p>Page 43</p>
<p>7. Final thoughts</p>	<p>Page 44</p>

In-depth overview of the wine category in Vietnam

Alcohol Beverage Summary

Key Changes 2020–2021 / General

- Vietnam has dealt with the coronavirus pandemic remarkably successfully. A decisive government, strong public health system, closure of non-essential workplaces, strict quarantine for inbound travelers and a comprehensive test, trace and isolate system, have meant deaths from Covid-19 to date are limited to 37. Despite a large fall compared to the previous decade's growth, strong economic fundamentals meant Vietnam had one of the highest GDP growth rates in the world in 2020, expanding by 2.9%.
- However, the alcohol beverage market has suffered the effects of lockdowns, business closures and the absence of tourists during the pandemic as elsewhere. The industry was also affected by the government's enactment of a zero-tolerance drink-driving law at the beginning of the year.
- The beer boom slowed down following the drink-driving law update, and the on-trade remained shut throughout the year. Still and sparkling wine, including Champagne, declined amid the pandemic following the closure of hotels, restaurants and nightclubs and wedding cancellations. Spirits categories also suffered, but the decline was less dramatic than seen in the wine category, mainly thanks to premiumization. Expensive malts and Scotches remained popular for at-home consumption during lockdown. Gin, white rum and imported vodkas, popular in the cocktail scene, lost volumes due to the closure of clubs and bars, but local vodka maintained its strong position thanks to its popularity in rural areas. Cognac continued to decline but saw promise in the XO segment thanks to increased off-trade activations.

General Forecast Assumptions

- The economic recovery should continue to gather pace in 2021, and Vietnam is likely to continue to outperform its south-east Asian neighbors with GDP growth projected at 6.5% in 2021. However, amid surging infection rates in the region,

international travel to Vietnam has been limited since March 2020 in order to reduce the risk of increasing the relatively low number of domestic cases.

- Regulation is currently the major challenge. The Ministry of Finance and Customs has formed a taskforce that focuses on reviewing importers' transfer pricing. This may result in challenges to brand pricing, which could impact the market if importers are forced to pay higher duties. Importers would not be able to compete against parallels. If demand exists and increases, parallel imports through Vietnam's large border will make up for any volumes lost by domestic operators.
- Economic is recovering after Covid
- Hospitality & Tourism opened on 15th February 2022 with a lot of support from the Government.
- International Flights are opening on 15th March 2022
- The legal-drinking-age (LDA) population is projected to grow by more than 2 million within the forecast period. The 30+ age cohort will see the most growth, though the population will remain relatively youthful.

Key Market Factors

- Economic – As elsewhere in south-east Asia, Vietnam's economy was impacted by the pandemic seeing the lowest growth in at least two decades and far below the 6.3% average during 2010–19. Education is improving, the infrastructure is developing and the country is urbanizing, though GDP per capita is low at around US\$2,500. Imported goods remain a luxury for most. Challenges remain in the regulatory and fiscal environments.
- Demographic – Vietnam's population is approaching 100m, with 1m new consumers reaching legal drinking age every year. There are significant differences in drinking habits between the north and south: for instance, northerners tend to prefer vodka for their spirits and new world wines, whereas their southern counterparts have a penchant for Cognac and old-world wines.
- Cultural – Vietnam has a strong on-premise drinking culture, which can be split further into the modern on-trade (MOT) and traditional on-trade (TOT). While the former refers to the more contemporary Horeca sector and nightclubs, the latter

consists of hostess bars, karaoke parlors, etc. The MOT sees a wider range of categories across different price points being consumed, whereas the TOT favors more specific categories like Cognac and high-end whisky.

- Trade – There is a ban on the commercial promotion of drinks above 15% ABV, handing an advantage to beer and RTDs, which face no such restrictions. Vietnam is a beer and locally produced-spirits market: imported categories are all relatively small, except for whisky and Cognac. Counterfeiting and knock-offs are an issue for big Scotch brands.

Key Changes 2020–2021 / Categories

Still Wine

Long-Term Drivers

Rising incomes and the entry of cheaper, new world wines – produced outside the traditional winegrowing areas of Europe and the Middle East – through free trade agreements into the mass grocery retail channel have increased the category's visibility for the Vietnamese consumer.

Current-Year Changes

Wine predominates in the on-trade channel, which was badly affected by the closure of bars and restaurants due to the pandemic. Even with a strong focus on retail, the market was not able to offset the declines. Some operators have developed online platforms but with limited success. There is an increasing interest in the premium-and above segments, although the standard segment continues to form the bulk of volume.

Outlook

- + The proliferation of wine stores and products throughout the cities will continue to expose consumers to the category.
- Strict drink-drive laws might affect this category which has become a staple of many social interactions, including business dinners.

- Rising freight/shipping costs and supply delays caused by the pandemic could negatively impact the wine market.

Sparkling Wine

Long-Term Drivers

The category continues to be driven by the vibrant and expanding gastronomy scene in the bigger cities, where most of the consumption occurs.

Current-Year Changes

The Champagne and sparkling wine market lost nearly half of its volume due to the pandemic and hotel/restaurant closures. Also, many weddings and banquets have been cancelled or postponed, thereby negatively affecting the overall category performance.

Outlook

- Steadily rising disposable income should stimulate demand as more locals' frequent venues where sparkling wines are typically consumed.
- Sustained growth in Champagne will be challenging due to the category's high price point and reliance on five-star hotels and nightclubs.
- Covid-19 continue to have a strong impact on 2021 volumes, which can be expected to gradually recover over the short term (estimate June 2022)

Methodology

Key Sources of Information in this Report

- Face-to-face and/or remote meetings with local importers, producers and other key industry players.
- Data from trade associations and distributors.
- Company reports where available.

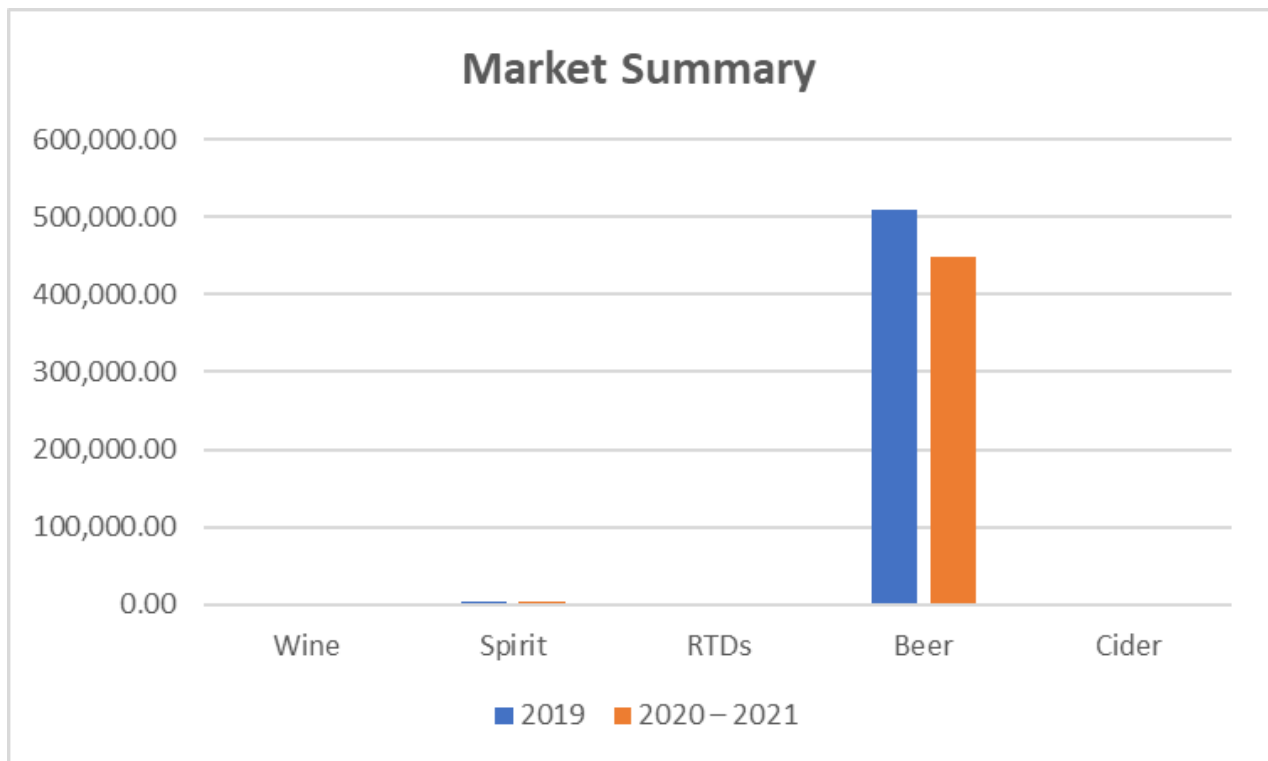
Specific Problems with Forecasting

- Vietnam is a difficult market to quantify as there is a lack of reliable official statistics. It is believed that 60% to 70% of imported spirits are smuggled into Vietnam, mostly from Cambodia. Once in the country, most are consumed in Ho Chi Minh City, Hanoi and Danang, or smuggled onwards to other Asian countries, especially China. Few imported spirits are thought to be consumed outside the three main cities, although this share is growing. Hence, many official shipment figures need to be modified to take parallel imports into account.
- Until 2012, Vietnam was an important route-to-market into China for Cognac and Scotch. This trade has reduced in recent years.
- For still wine, there is a large 'invisible' market of government corporations importing directly, which is difficult to measure.
- Most alcohol consumption in Vietnam consists of low-priced local categories. These include rice wines and a rice-based spirit, known as rượu đế, a clear or slightly cloudy spirit of around 40% ABV. It is mostly produced by unregistered household distilleries, though in some parts of Vietnam it is commercially available in bottles. Consumption is impossible to measure accurately, and estimates vary widely, with a figure of around 30m cases deemed credible. These volumes are not included in the report. It is thought the consumption is declining as the population becomes more urban and the market socializes, with consumers shifting to beer and imported spirits.
- Figures for local wines and spirits are trade estimates. No taxed figures exist to cross check them, so they should be taken with extra care and could be revised in the future.

**Note: The compound annual growth rate (CAGR) is the annualized average rate of revenue growth between two given years, assuming growth takes place at an exponentially compounded rate.*

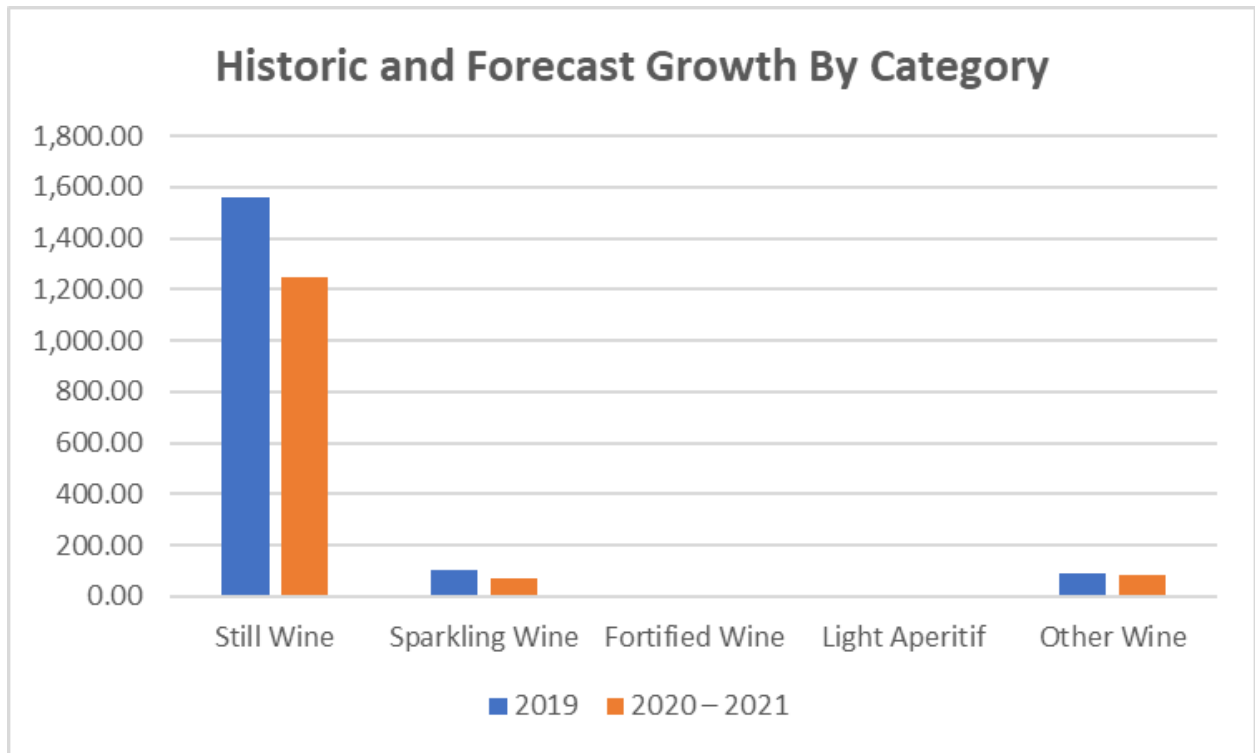
Market Summary ('000s 9LE)

Category	2019	2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Total Bev	516,533.19	453,832.66	3.3%	3%
Wine	1,763.25	1,401.65	-2.6%	6.3%
Spirit	4,432.25	4,830.43	-6.4%	0.3%
RTDs	68	67,25	5.4%	7.3%
Beer	510,055.55	448,341.66	3.5%	3%
Cider	213.89	191.67	39.6%	6.8%



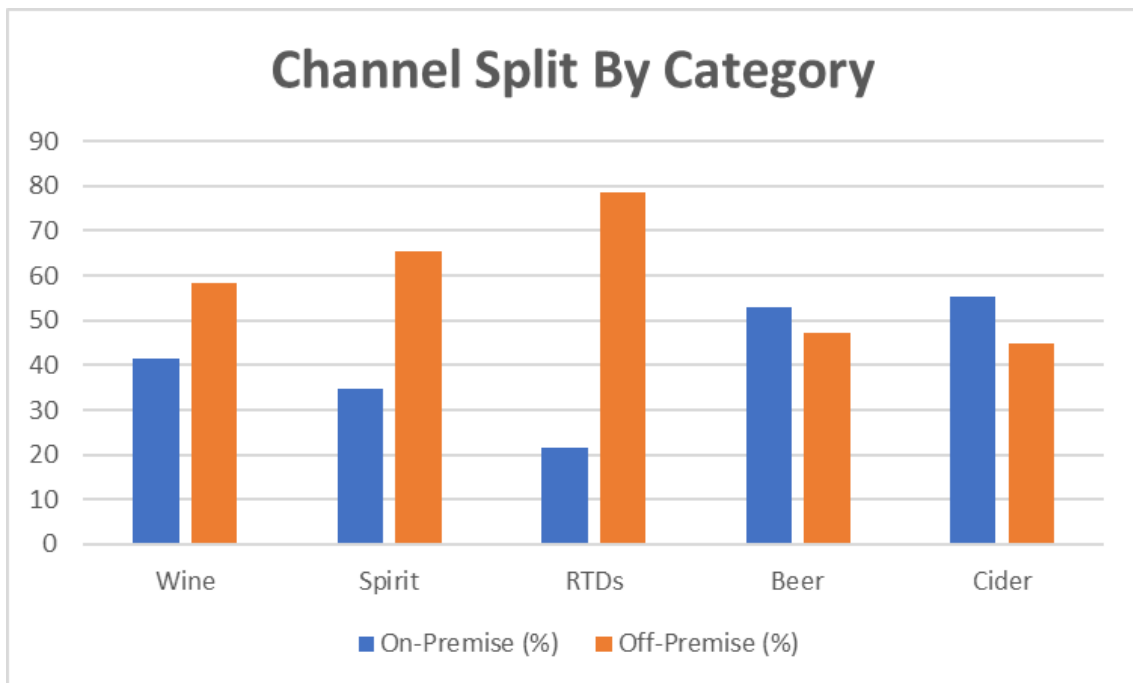
Wine Summary - Historic and Forecast Growth by Category ('000s 9LE)

Category	2019	2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Total Wine	1,763.25	1,401.65	-2.6%	6.3%
Still Wine	1,562.25	1,246.75	-2.8%	6.3%
Sparkling Wine	106	68	-5.3%	10.3%
Fortified Wine	1	0.65	-8.3%	14%
Light Aperitif	3	4.25	53.4%	5.3%
Other Wine	91	82	-9.9%	2



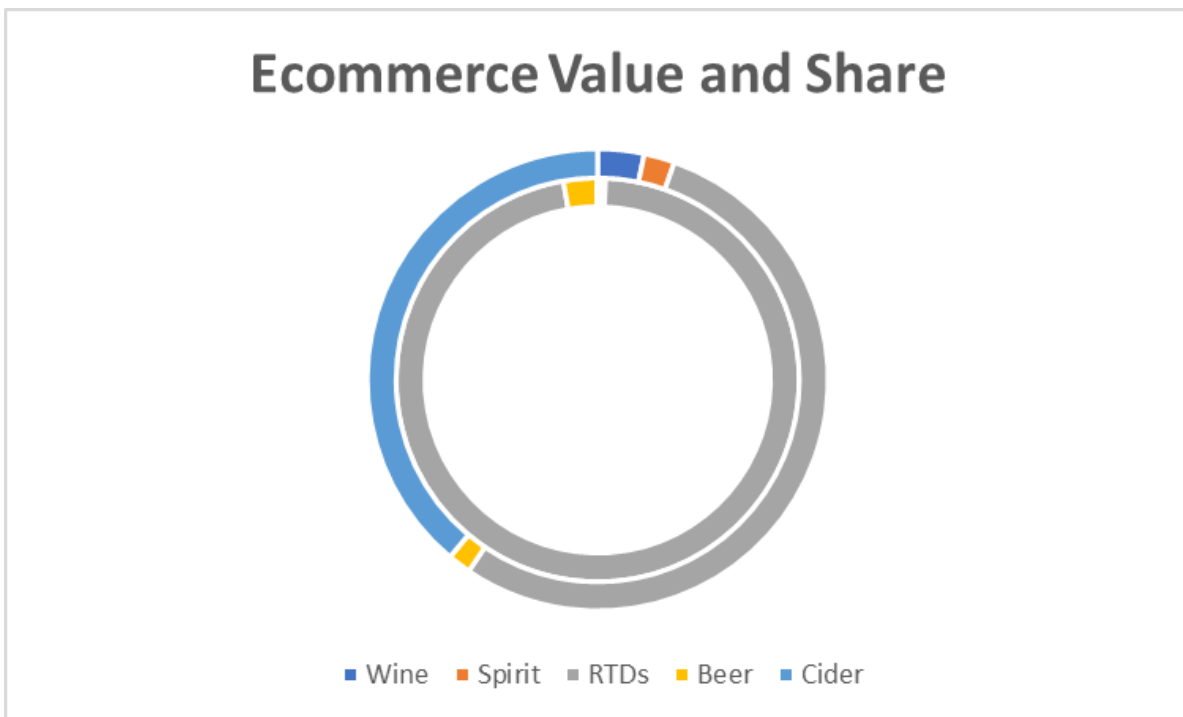
Channel Split by Category

Category	On-Premise	Off-Premise
Total Bev	52.7%	47.3%
Wine	41.5%	58.5%
Spirit	34.7%	65.3%
RTDs	21.4%	78.6%
Beer	52.9%	47.1%
Cider	55.3%	44.7%



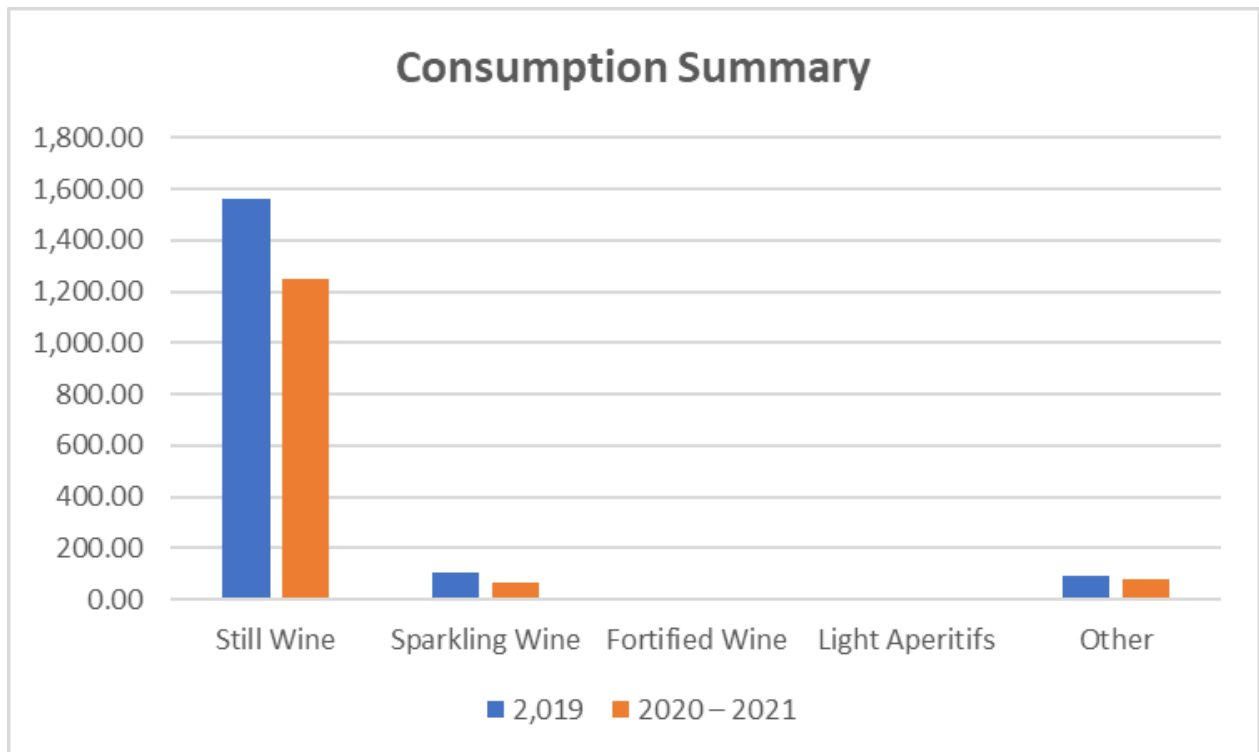
Ecommerce Value and Share

Category	E-Commerce Value	Share of Off-Premise
Total Bev	251.550	0.3%
Wine	15.500	0.6%
Spirit	30.000	0.4%
RTDs	7,050	10%
Beer	195.000	0.3%
Cider	4.000	7.2%



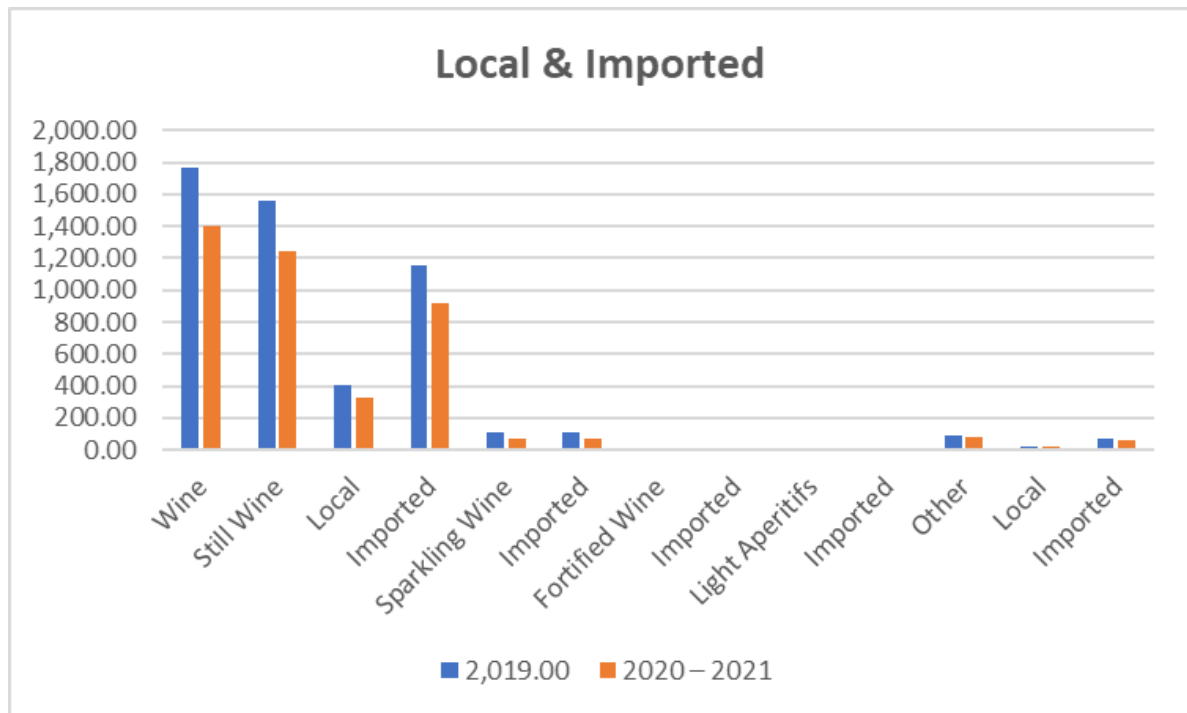
Wines: Consumption Summary ('000s 9LE)

Category	2019	2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Wine	1,763.25	1,401.65	-2.6%	6.3%
Still Wine	1,562.25	1,246.75	-2.8%	6.3%
Sparkling Wine	106	68	-5.3%	10.3%
Champagne	10.75	6,5	-8.7%	11.2%
Other Sparkling	92.25	61	-5% 0	9.7%
Non-Alc Sparkling	2.5	0.5		43.1%
Fortified Wine	1	0,65	-8.3%	14%
Sherry Style	0	0	0	0
Port Style	0.75	0.5	0	14.9%
Other	0.25	0.15	-21.4%	10.8%
Light Aperitifs	3	4.25	53.4%	5.3%
Vermouth	3	4.25	76.2%	5.3%
Wine Aperitifs	0	0	-100%	0
Other	91	82	2%	2.8%



Wines: Local & Imported ('000s 9LE)

Category	2019	2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Wine	1,763.25	1,401.65	-2,6%	6.3%
Still Wine	1,562.25	1,246.75	-2,8%	6.3%
Local	405	325	0	6.7%
Imported	1,157.25	921.75	-3.6%	6,2%
Sparkling Wine	106	68	-5.3%	10.3%
Imported	106	68	-5.3%	10.3%
Fortified Wine	1	0,65	-5,3%	10.3%
Imported	1	0,65	-5.3%	10,3%
Light Aperitifs	3	4.25	53.4%	5.3%
Imported	3	4.25	53.4%	5.3%
Other	91	82	2%	2.8%
Local	24.5	22	4.4%	2.8%
Imported	66.5	60	1.2%	2.8%



Wine Top Leading Company (Owner) 2020 – 2021

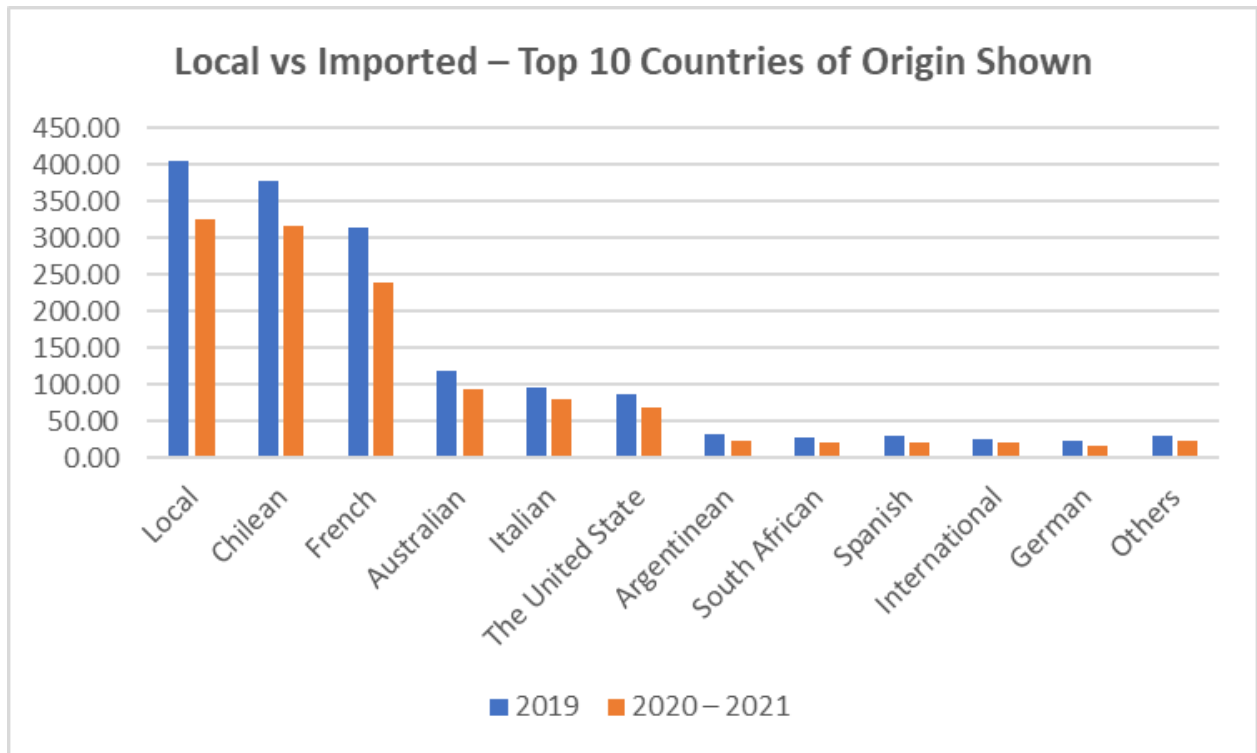
1. Concha y Toro
2. Constellation
3. Casas Patronales
4. Henkell Freixenet
5. Pernod Ricard
6. Baron Philippe de Rothschild
7. Sogrape
8. Sta Carolina

Wine Top Leading Brands 2020 – 2021

1. Casillero del Diablo (Still Wine)
2. Constellation (Still Wine)
3. Casas Patronales (Still Wine)
4. Jacobs Creek (Still Wine)
5. Sogrape (Still Wine) 6. Mapu (Still Wine)
7. La Rosa (Still Wine)
8. Luc Belaire (Other Sparkling)

Still Wine: Local vs Imported – Top 10 Countries of Origin Shown ('000s 9LE)

Category	2019	2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Still Wine	1,562.25	1,246.75	-2.8%	6.3%
Local	405	325	0	6,7%
Imported	1,157.25	921.75	-3.6%	6.2%
Chilean	377	317	-1%	4.9%
French	313.25	240	-4.5%	6.9%
Australian	118.5	93	6.8%	7.4%
Italian	95	79.25	2.7%	4.9% 6%
The United State	85.75	69	4.5%	8%
Argentinean	32.5	23	3.5%	5.2%
South African	27.25	21.5	10.5%	9.5%
Spanish	30	20	4.7%	8.4%
International	26	20	10.1%	6.2%
German	22.5	17	5%	8.4%
Others	29.5	22	3.5%	



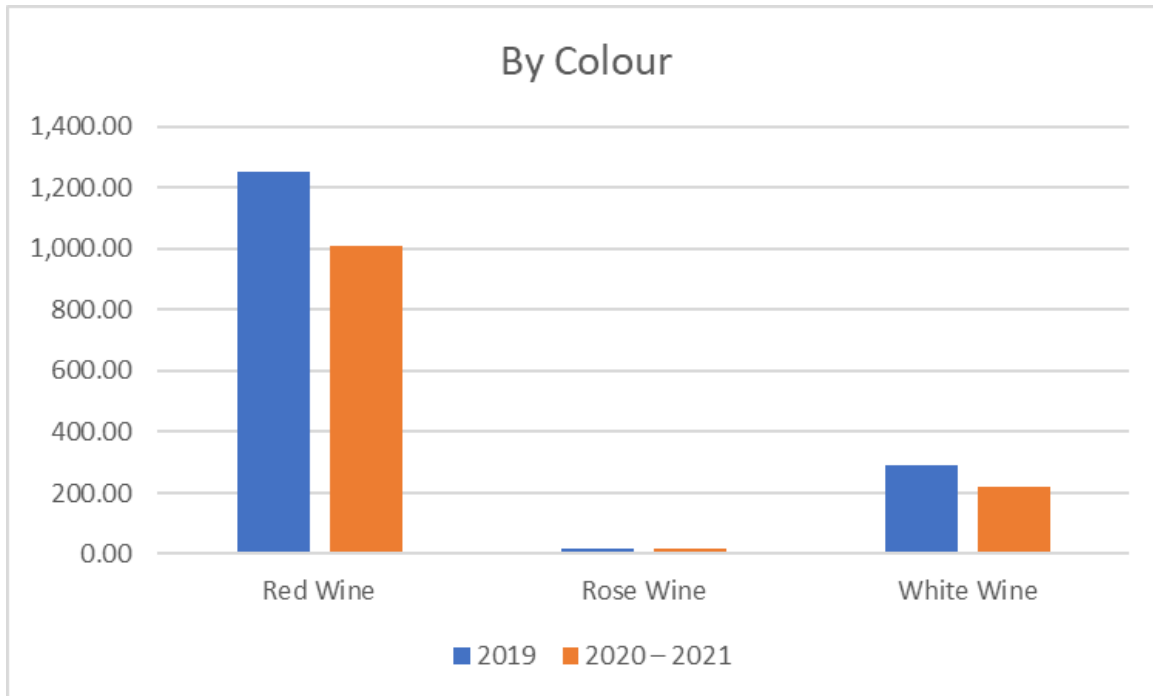
Still Wine: Price Brand ('000s 9LE)

Category	2019	2020 – 2021	Market share 2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Still Wine	1,562.25	1,246.75	100%	-2,8%	6,3%
Prestige Imported	0.75	0.5	0	-12.9%	14.9%
Ultra-Premium Imported	4.8	4.26	0.3%	16.3%	6.7%
Super-Premium Imported	14.45	10.04	0.8%	-3.5%	10%
Premium Imported	171	134.05	10.8%	-2.6%	7.1%
Standard Imported	528.5	401.9	32.2%	-15.5%	6.3%
Value Imported	437.75	371	29.8%	-1.9%	5.5%
Low Price Local	405	325	26.1%	0	6.7%



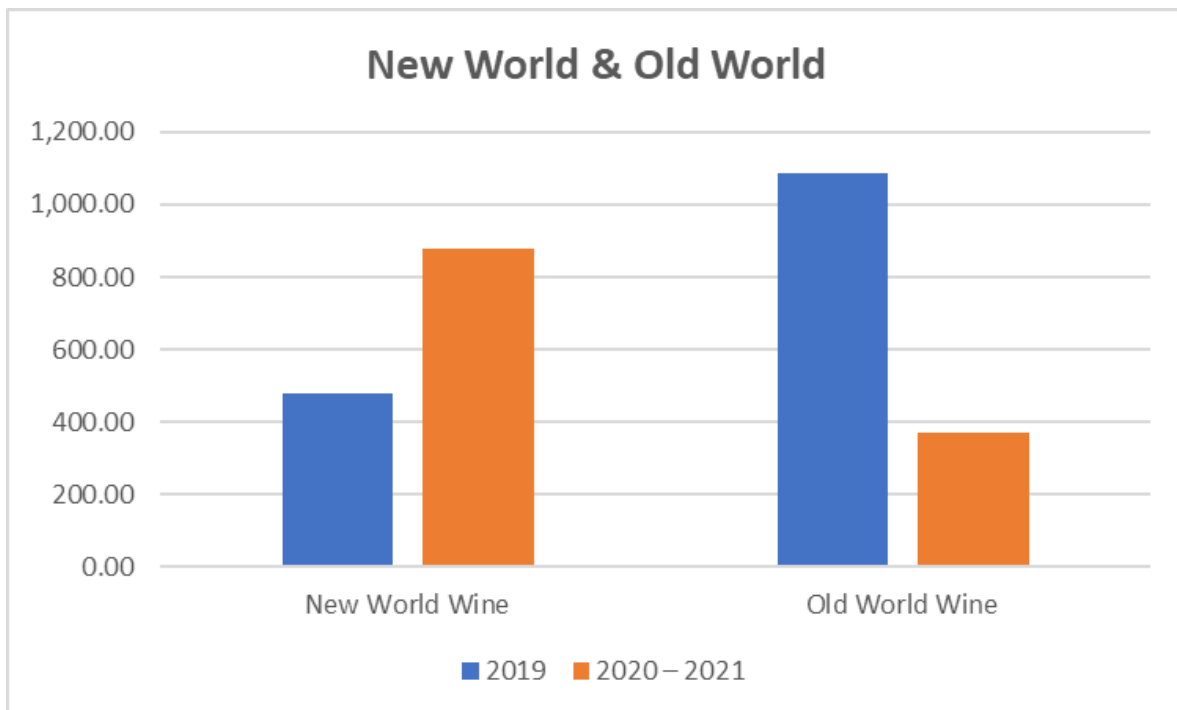
Still Wine: Color ('000s 9LE)

Category	2019	2020 – 2021	Market share 2020 – 2021	CAGR 2015 to 2020
Still Wine	1,562.25	1,246.75	81.1%	-2.8%
Red Wine	1,251.25	1,010.75	65.8%	-2.5%
Rose Wine	20	16	1%	3.8%
White Wine	291	220	14.3%	-4.2%



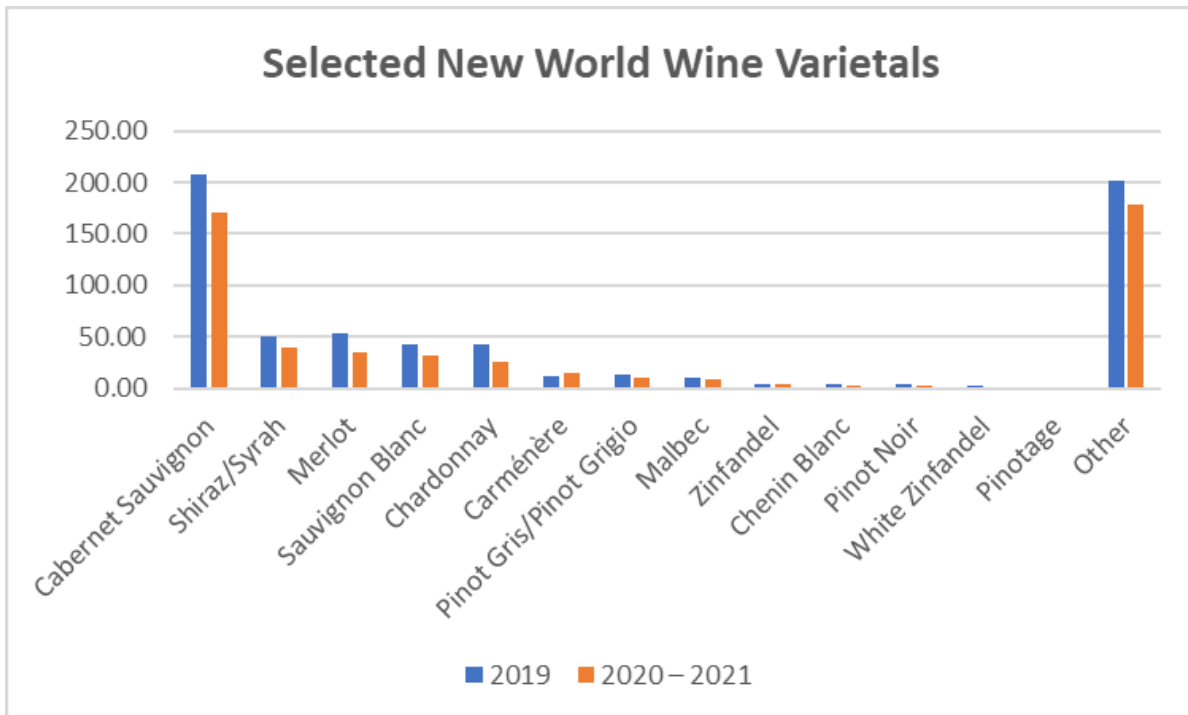
Still Wine: New World & Old World ('000s 9LE)

Category	2019	2020 – 2021	Market share 2020 – 2021	CAGR 2015 to 2020
Still Wine	1,562.25	1,246.75	100%	-2.8%
New World Wine	478	877	70.3%	-2.3%
Old World Wine	1,084.25	369.75	29.7%	-3.9%



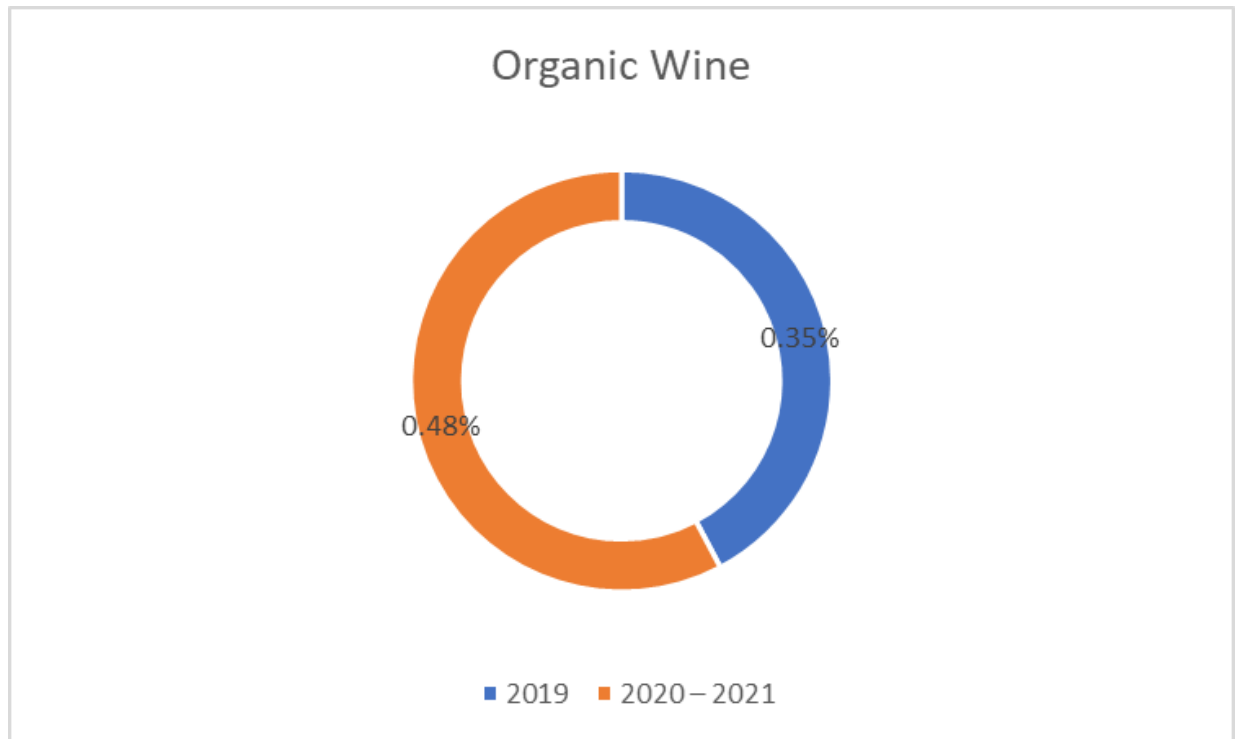
Still Wine: Selected New World Wine Varietals ('000s 9LE)

Category	2019	2020 – 2021	Market share 2020 – 2021	CAGR 2015 to 2020
Cabernet Sauvignon	207.75	170	32.7%	-2.1%
Shiraz/Syrah	51.25	40.25	7.6%	-11.3%
Merlot	53.5	35.75	6.7%	-2.4%
Sauvignon Blanc	42.25	32.5	6.1%	-1.1%
Chardonnay	42.75	25.75	4.8%	-9.1%
Carménère	11.75	15	2.8%	16.5%
Pinot Gris/Pinot Grigio	13.75	10	1.9%	-5.6%
Malbec	11.25	8.25	1.6%	-1.1%
Zinfandel	5	4	0.8%	-1.7%
Chenin Blanc	3.75	3.25	0.6%	16.7%
Pinot Noir	4	2.35	0.4%	-13.6%
White Zinfandel	2.5	2	0.4%	-5.2%
Pinotage	2	0.75	0.1%	-21.4%
Other	201.75	178.15	33.5%	-2%



Still Wine: Organic Wine ('000s 9LE)

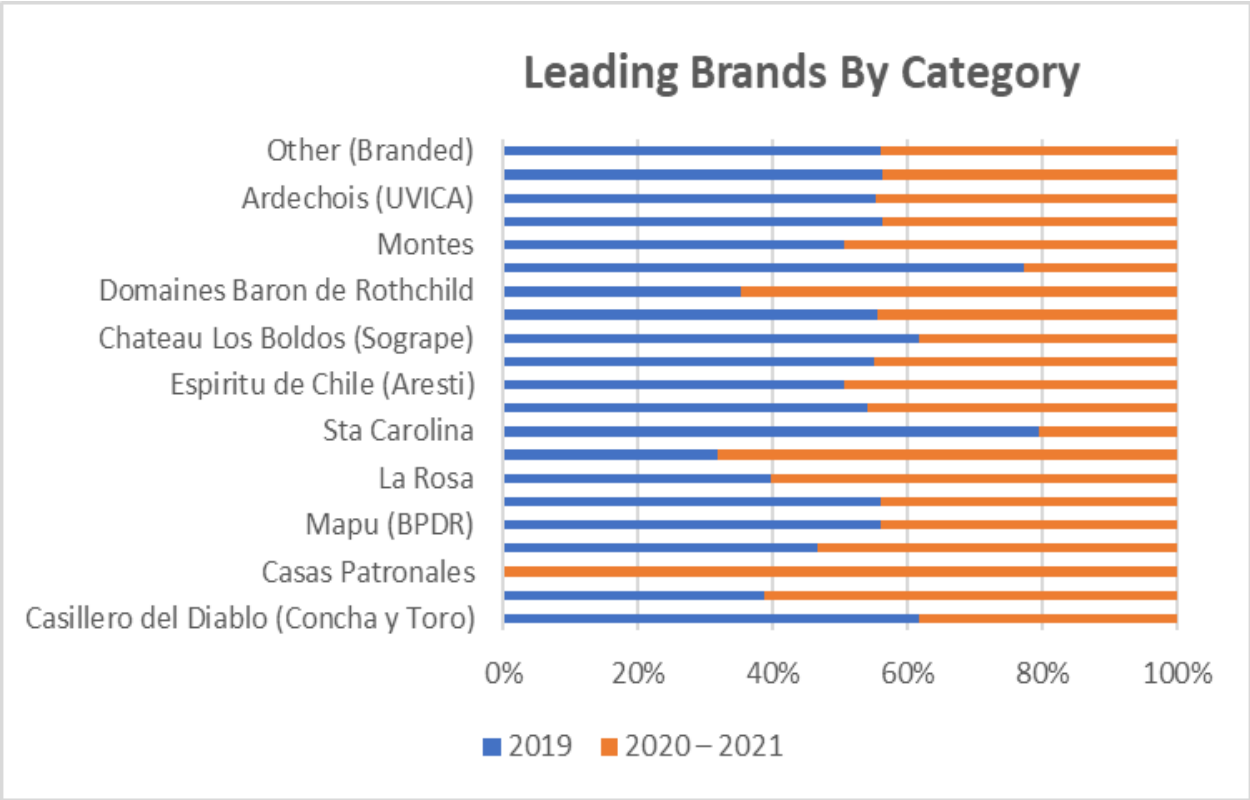
Category	2019	2020 – 2021	Market share 2020 – 2021	CAGR 2015 to 2020
Still Wine	1562.25	1,246.75	100%	-2.8%
Organic Wine	5.5	6	0.5%	5.7%



Still Wine: Leading Brands by Category ('000s 9LE)

Category Owner	2019	2020 – 2021	Market share 2020 – 2021	CAGR 2015 to 2020
Still Wine	1,562.25	1,246.75	100%	-2.8%
Casillero del Diablo Concha y Toro	31.25	19.45	1.6%	-3.7%
Constellation Constellation	10.75	17	1.4%	12.9%
Casas Patronales Casas Patronales	0	15.5	1.2%	0.7%
Jacobs Creek Pernod Ricard	5	5.75	0.5%	0.9%
Mapu Baron Philippe de Rothschild	7	5.5	0.4%	-12.1%
Sogrape Sogrape	7	5.5	0.4%	0
La Rosa La Rosa	3.3	5	0.4%	7.4%
Luis Felipe Edwards Luis Felipe Edwards	2	4.3	0.3%	-4.8%
Sta Carolina Sta Carolina	16.7	4.3	0.3%	33.9%
Wyndham Estate Pernod Ricard	5	4.25	0.3%	-9.5%
Espiritu de Chile Aresti	4.2	4.1	0.3%	-3.9%
Mont Gras Mont Gras	4.9	4	0.3%	-9.3%
Chateau Los Boldos Sogrape	6.45	4	0.3%	9.9%
Chenet Grands Chais De France	5	4	0.3%	-2.3%

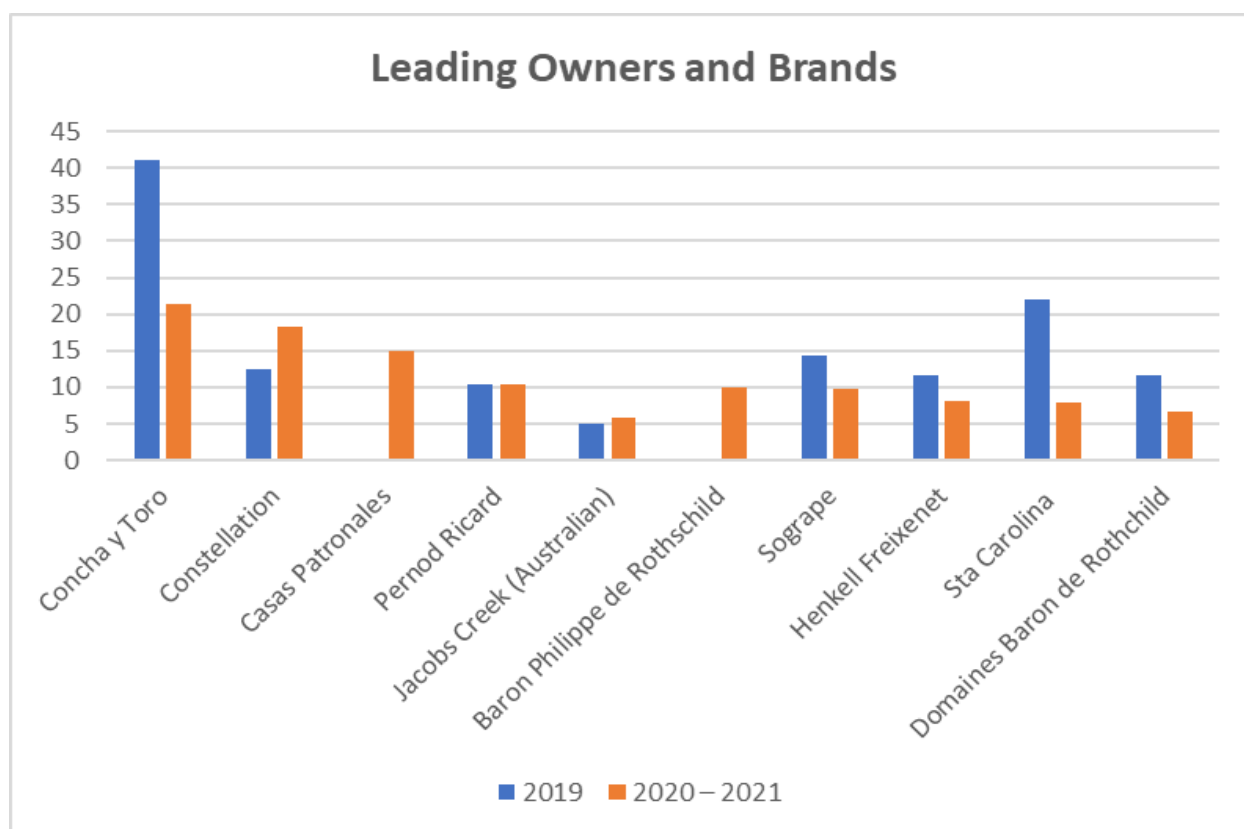
Domaines Baron de Rothchild	2.15	3.95	0.3%	23.1%
Bodegas de Aguirre Aguirre	13	3.85	0.3%	-24.8%
Montes	3.75	3.65	0.3%	-12.8%
Wingara Henkell Freixenet	4.5	3.5	0.3%	11.8%
Ardechois UVICA	4	3.25	0.3%	0
Yalumba S. Smith & Son	3.85	3	0.3%	-7.8%
Other (Branded)	1,422.45	1,122.9	90.1%	-3%



Still Wine: Leading Owners and Brands ('000s 9LE)

Brand (Origin)	2019	2020 – 2021	Market share 2020 – 2021	CAGR 2015 to 2020
Concha y Toro	41.15	21.45	1.7%	-9.1%
Casillero del Diablo (Chilean)	31.25	19.45	1.6%	-3.7%
Cono Sur (Chilean)	2	0.8	0.1%	-16.7%
Maipo (Chilean)	4.8	0.7	0.1%	-34.9%
Trivento (Argentinean)	2.75	0.25	0	-39.6%
Fetzer (The United State)	0.35	0.25	0	0
Constellation	12.5	18.25	1.5%	12%
Constellation (Australian)	10.75	17	1.4%	12.9%
Ruffino (Italian)	1.75	1.25	0.1%	4.6%
Kim Crawford (New Zealand)	0	0	0	-100%
Casas Patronales Casas Patronales (Chilean)	0	15	1.2%	0.7%
Pernod Ricard	10.4	10.3	0.8%	-3.9%
Jacobs Creek (Australian)	5	5.75	0.5%	0.9%
Wyndham Estate (Australian)	5	4.25	0.3%	-9.5%
Brancott (New Zealand)	0.4	0.3	0	0
Baron Philippe de Rothschild	9,2	9.9	0.8%	-13.5%
Mapu (Chilean)	7	5.5	0.4%	-12.1%
Baron Philippe de Rothschild (Chilean)	0.25	2.9	0.2%	-20.3%
Mouton Cadet (French)	1.25	1	0.1%	0
Escudo Rojo (Chilean)	0.7	0.5	0	0
Sogrape	14.35	9.8	0.8%	21.5%
Sogrape (Portuguese)	7	5.5	0.4%	0
Chateau Los Boldos (Chilean)	6.45	4	0.3%	9.9%
Finca Flichman (Argentinean)	0.9	0.3	0.1%	-24.2
Henkell Freixenet Wingara (Australian)	11.6	8.1	0.6%	23.2%
	4.5	3.5	0.3%	11.8%

Woolshed (Australian)	3.5	2.8	0.2%	0
Mederaño (Spanish)	0.7	0.5	0	0
Chapel Hill (Hungarian)	1.5	0.5	0	0
Freixenet (Spanish)	0.75	0.3	0	0
Others	0.65	0.5	0	-10.1%
Sta Carolina (Chilean)	21.95	7.8	0.6%	25.6%
Sta Carolina	16.7	4.3	0.3%	33.9%
Ochagavia	3.25	2	0.2%	32%
Casablanca	2	1.5	0.1%	8.4%
Domaines Baron de Rothchild	11.65	6.65	0.5%	-3.4%
DBR Lafite (French)	2.15	3.95	0.3%	23.1%
Los Vascos (Chilean)	9.5	2.7	0.2%	-16.1%



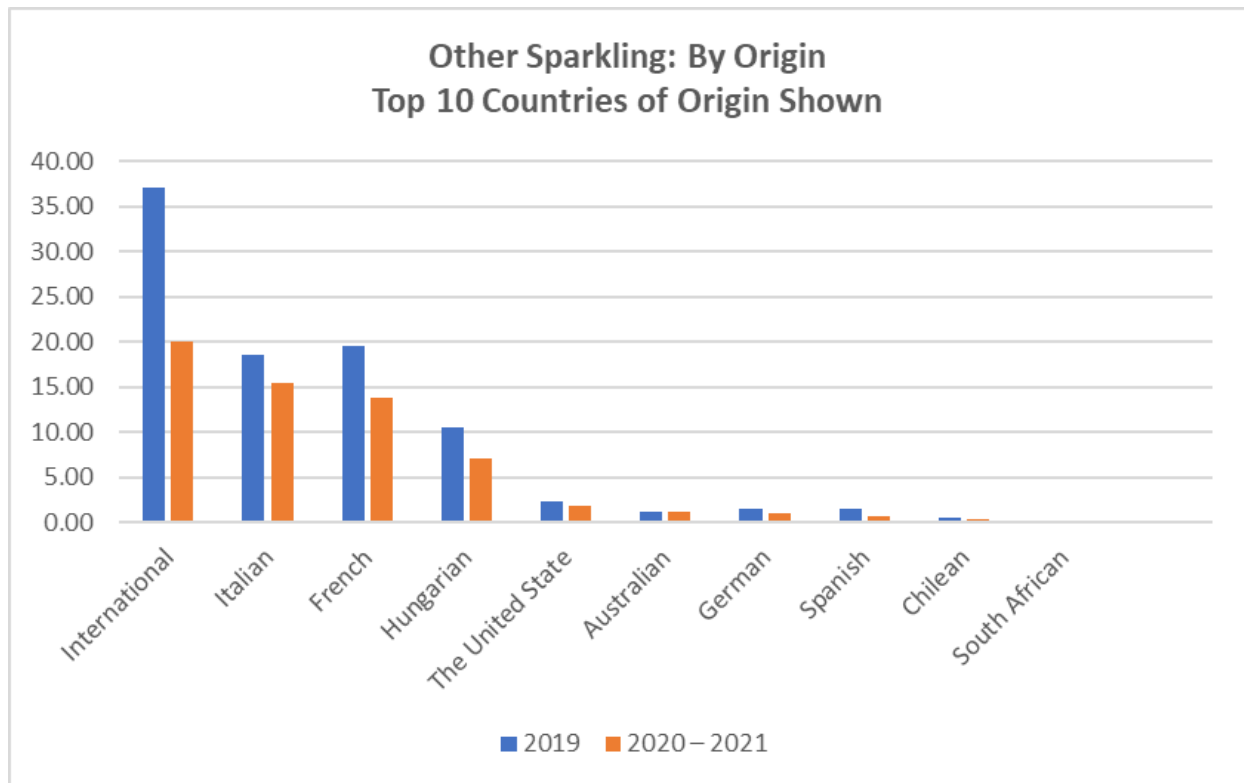
Sparkling Wine: By Category ('000s 9LE)

Category	2019	2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Sparkling Wine	106	68	-5.3%	10.3%
Champagne	10.75	6.5	-8.7%	11.2%
Other Sparkling	92.75	61	-5%	9.7%
Non-Alcohol Sparkling Wine	2.5	0.5	0	43.1%



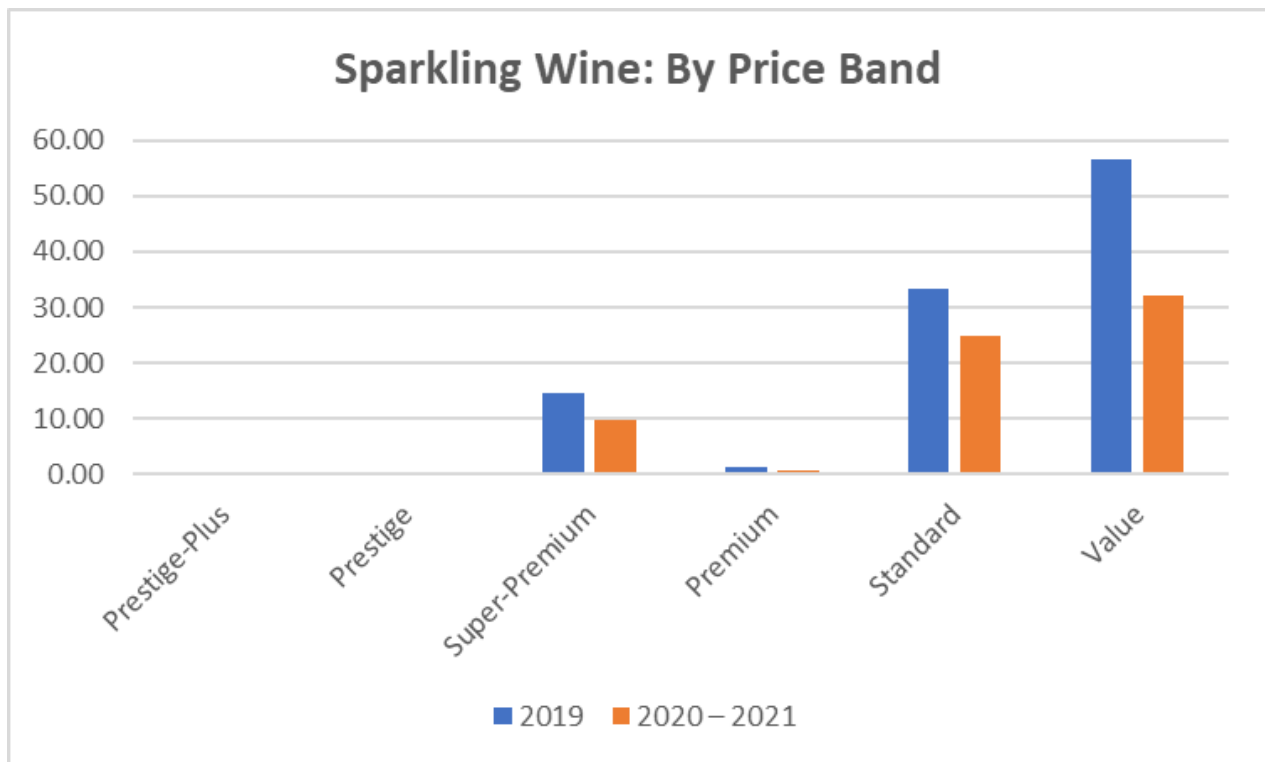
Other Sparkling: By Origin – Top 10 Countries of Origin Shown ('000s 9LE)

Category	2019	2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Imported	92.75	61	-5%	9.7%
International	37	20	-10.6%	12.5%
Italian	18.5	15.5	7.1%	6.7%
French	19.5	13.75	4.6%	11.1%
Hungarian	10.5	7	-14.1%	4%
The United State	2.25	1.75	0	7.4%
Australian	1.25	1.15	-9.7%	8.8%
German	1.5	1	-24.8%	11.8%
Spanish	1.5	0.75	-9.7%	14.9%
Chilean	0.5	0.3	-24.8%	-3.6%
South African	0.25	0.15	-9.7%	27.2%



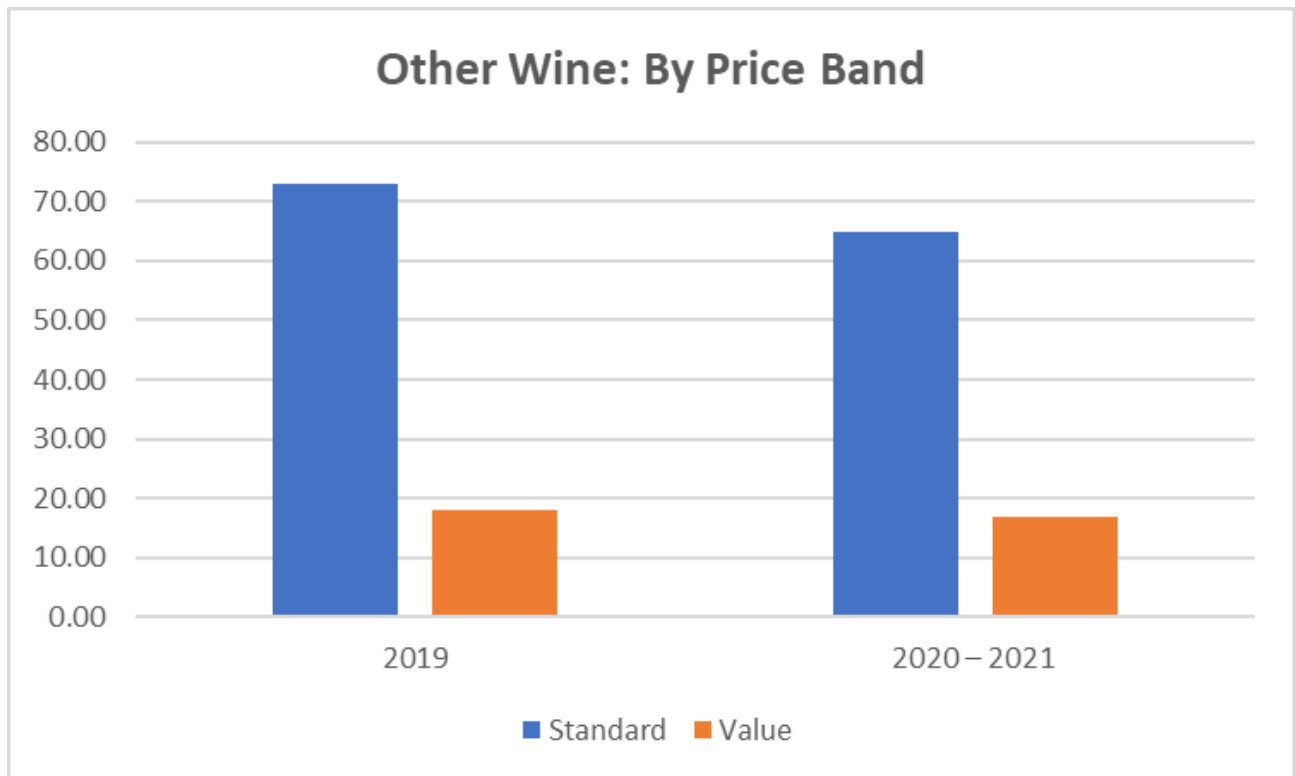
Sparkling Wine: By Price Band ('000s 9LE)

Category	2019	2020 – 2021	Market Share 2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Sparkling Wine (Imported)	106	68	100%	-5.3%	10.3%
Prestige-Plus	0	0.5	0.7%	0	5.4%
Prestige	0.3	0.2	0.3%	14.9%	14.9%
Super-Premium	14.5	9.75	14.3%	2.4%	10.1%
Premium	1.25	0.65	1%	-18%	21.9%
Standard	33.45	24.75	36.4%	5.7%	8.7%
Value	56.5	32.15	47.3%	-11.7%	11.3%



Other Wine: By Price Band ('000s 9LE)

Category	2019	2020 – 2021	Market Share 2020 – 2021	CAGR 2015 to 2020	CAGR 2020 to 2025
Other Wine	91	82	100%	2%	2,8%
Standard	73	65	79.3%	3,3%	3%
Local	24.5	22	26.8%	4.4%	2.8%
Imported	48.5	43	52.5%	2.8%	3.1%
Value Imported	18	17	20,7	-2,2%	2,2%



2. Californian Wine Importers / Brands in Vietnam

Vietnam Californian Wine Market

S.W.O.T

STRENGTHS

- Many well-known brands as: Robert Mondavi, Kendall Jackson, Caymus, Stags Leap, BV, Beringer and 19 Crimes Cali Red Snoop Dog is the raising star.
- The majority of American wine is still Californian wine, especially Napa Valley
- The United State Embassy, AMCHAM are very active and host social activities.
- The Californian Wine Institute is approaching all the importers in Vietnam to support American Wine brands in market by doing more event, master class, education...

OPPORTUNITIES

- International flights open on 15th March 2022 and will be a good opportunity for tourism and hospitality.
- New trend is purchasing online so the online & app, E-comm...platform is developed in the market.
- The market is recovering after Covid
- Not many importers distribute the entry level American wine, only Infinity Beverage and T.K but they have very low stock.
- Online classes are a new trend.
- Consumer knowledge is improving and there will be more demand for larger scale events, especially at the top of Hanoi.
- New world products that need to use social media and KOL more impact on the young and inquisitive class. Examples can be found from some Australian brands, for example Jacob Creek, Penfolds.
- Competition in the entry and mid-range markets will become stronger between Australian and American wines in terms of both price and quality

WEAKNESSES

- Long time lockdown and many businesses struggling or shut down.
- People careful when spending money on alcohol, they are saving.
- 5 stars hotels and premium outlets working with short time plans (max 3 months) instead of 12 months plan as usual
- Limited stock at distributors is the cause of lost sales and opportunities.
- Californian wine is not the first choice, also not highly recommended from the sommelier or service staff as they lack information and education about products.
- Price range is high compared to other wines, makes the consumer think California wine is always expensive.

THREATS

- Importers are not promoting Californian wine as they don't have enough support from the brand principle
- OOS is an issue
- Californian consumption is less than 10% market share.

Internal & external dynamics shaping the strategy

Macroeconomic challenges

- Covid recovery uncertainties
- Oversupply of Australian, Chilean, French wine... and shortage of US wine
- Labor shortages creating upwards wage pressure

Category outlook

- Beer still strong in the market, the culture is to drink beer every day in Vietnam.
- Red wine still stronger than white in the South, Central and Mekong, in the North red & white are almost equal.
- Wine category growing in Vietnam. Young consumers start to drink wine and are interested in studying about wine.

- New Year season off trade consumption is bigger than on trade (Dec, Jan, Feb), other months on trade consumption is bigger.
- Luxury goods outlook remains very positive providing opportunities for wine
- Importance of E-Commerce growing rapidly for wine category
- Significant opportunities against per capita wine consumption. Shifting share from other alcohol categories through more occasions.
- Lines between 'traditional' definition of wine and category expected to continue to be more and more blurred over time with new consumers not as tied to tradition.
- The market selects American wines heavily on the influence of major brands and Bordeaux style connections. Typical is Opus One distributed by la Place de Bordeaux.
- The entry-level, mid- and high-end segments are not too active, and the main market share is still in France, Italy, Chile, especially Chile with the New World.
- Napa's high-end "Cult" wines are not well received (Arajo, Harlan estate, Scarecrow, Screaming Eagle)

Regulatory / geopolitical

- Embassy, wine organizations in Vietnam are very supportive
- Advertising only applicable for alc 14% below, can advertise but not outdoor with bottle images.
- No new imported tax.
- On premise now allowed and also deliveries to the off premise not restricted.

Competitive dynamics

- Accolade aggressive in commercial category
- Opportunities for NPD targeted at Gen Z / Millennial. Category largely reliant on traditional mainstream brands.
- 'Share of throat' competition increasing across the region from other categories as new brands, styles and formats enter.

Portfolio / COO

- Robert Mondavi is available again in Vietnam market since 2020 with Malhop distributor after being absent for a long period, before imported by T.K.
- Caymus and Opus One still are luxury stars
- Beringer Main & Vine is favourite portfolio for wine by glass in on trade channel
- Lacking entry level wine range.

Customer dynamics

- Category growth in E Commerce and need for greater customer alignment and capability
- Present day Vietnam is a country that has seen dramatic increases in the standard of living of its people and the country's integration with the world market. With this globalization the Vietnamese wine market has exploded, with hotels, restaurants, and retailers offering a wide variety of wines from around the world.
- As a new destination for tourists and foreign investment, Vietnam receives over 4.5 million visitors per year creating USD 3.5 billion in value. This demand has led to an increase in the number of high-end hotels and resorts across the country, but particularly in the coastal areas of Baria Vung Tau, Mui Ne, Nha Trang, and Danang. The tourism industry has Comprehensive Study of the Vietnamese Wine Market experienced growth rates above 10 percent, pressing demand for high quality imported products such as California Wine.
- Along with this overall progress and increase in economic activity, the wine market in Vietnam is on the rise. Consumption, product availability, disposable income, and education are all up. However, despite the strength of these indicators, those looking to introduce their product to Vietnam must do so with a firm understanding of the market dynamics, and the potential risk, of entering this emerging market.

**Short interview a few wine lovers in Vietnam:*

- Mr. Lê Văn Linh / officer - Hanoi: I collect Opus One and Camus, they are real stars. I tried the Coppola in can, it looks nice but don't like it. Kendall Jackson is great, but price is too high.

- Mr. Nguyễn Trọng Hiền / Officer - Đà Nẵng: American wine is not popular in here, only try few times at events. When the restaurant / hotel / resort doing event, they priority French, Italian, Australian base on customer's request and base on price range as well.
- Mr. Quang Phục / Lawyer - Hồ Chí Minh City: I like Stags Leap and collect many vintages, not drinking wine from US often because overpriced, I drink a lot in US where many good quality wines and reasonable price.
- Mr. Trần Bảo Luân / Officer - Cần Thơ: We don't have much information about American wines here, most wine in the market are come from Chile, France, Australia, Italy.

Top Distributors / Brands

Distributor	Brand	Website	Note
Casa Wine	Purple Cowboy Swanson Vineyards The Series Paul Lorry Moody Press Ca'Momi Winery Cigar Cellars Toschi Vineyards Stone Valley B.R.Cohn Ironstone Vineyards Leaping Horse Bend Girard Winery Random Cellars Obsession Wines	https://www.casawines.com/	Only wine from US
Celliers d'Asie Vietnam – Red Apron	Starmont The Paring The Hilt Clos du Val Jonata Merryvale Locatour Clay Creek Gnarly Head Gnarly Head Diora Gnarly Head Opus One	https://www.celliersvn.com/	Top 5 distributors in VN
The Warehouse Asia	Kendall Jackson La Crema Freemark Abbey	https://warehouse-asia.com/	Top 5 distributors in VN

	Edmeades Opus One		
Malhop - Winecellars.vn	Robert Mondavi Woodbrige Francis Ford Coppola Winery Antica (Antinori) Opus One	https://winecellar.vn/	Top 5 distributors in VN
T.K Wine - Vivahouse	Caymus Carlo Rossi Opus One	https://www.tkwine.com/	Top 5 distributors in VN
Đa Lộc Wine & Spirit – WeWine	Deloach (JCB) Raymond (JCB) Joseph Phelps Opus One	https://www.daloc.vn/	Top 5 distributors in VN
Vincorp	J.Lohr Silver Oak	http://www.vincorp.vn/	
Infinity Beverage – Quantum	Stags Leap Beaulieu Vineyard Beringer 19 Crimes Cali Red (Snoop Dog)	https://www.facebook.com/QuantumVietnamPNT https://quantum.com.vn	New in the market
Vinifera Vietnam – Cork & Bottle	Bogle Tablas Creek Opus One	https://viniferavn.com/	
Thiên Linh	Gemstone Coup de Foundre Amuse Bouche Au Sommet Winery & Farm	https://thienlinh.vn/	
Mây Vàng	Rutherford Ranch Winery Cuboid California	https://mayvang.vn/	

3. Identify the education levels of professionals and consumers in the market.

Wine Group & Association in Vietnam

Certification and wine school available in Vietnam

- WSET Level 1, 2, 3 – By Red Apron Wine School and CHM
- CMS (coming soon)
- Wine Scholar (French, Spanish) – By Red Apron Wine School (coming soon)
- Vatel Hospitality
- VinUni
- RMIT
- CHM

Wine Group / Association

- SSA – Saigon Sommeliers Association
Group: <https://www.facebook.com/groups/336875646741393>
Fanpage: <https://www.facebook.com/Saigon-Sommeliers-Association100686942249363>
- Hanoi Vino Club
Fanpage: <https://www.facebook.com/Hanoi-Vino-Club-419099948292375>
- Yêu Rượu Vang
Group: <https://www.facebook.com/groups/YeuRuouVang>
- Mê Vang
Group: <https://www.facebook.com/groups/mevang>
- Vietnam Wine Lovers
Group: <https://www.facebook.com/groups/1601585510075371>
- California Wine Institute in Vietnam
- La Chaîne des Rôtisseurs – Bailliage National du Viêt-Nam
Website: <https://vietnam.chainedesrotisseurs.com/?fbclid=IwAR3EAVSG61Mj7qB8hevng3l3KoMgGKUNuFs63jOR7Y0A-h4nhatdvw7Zz7o> Fanpage: <https://www.facebook.com/ChaineVietnam>
- BIBV - The Bourgogne Wine Board
- Sopexa
- CIVP - The Conseil Interprofessionnel des Vins de Provence
- Wine of Australia

- The Commanderie De Bordeaux **Wine Education in Vietnam**

- *The education level is improving but more than 80% of consumers purchase wine by price range*
- *Young generation is very interested in studying about wine*
- *Many education formats arrange by Vin Group coordinate top sommeliers for private training and master class*
- *Hospitality Universities open wine sessions for students like RMIT, Vatel, CHM, VinUni*
- *Online studying is popular.*
- *Sommeliers Association support, train and orient young sommeliers, students and wine lovers*

4. **Sommeliers / Wine Stewards / Wine Specialists roles in Vietnam**

**Short interview top sommeliers in Vietnam: , Mr. Vaccarini Minh – Head Sommelier El Porteno Darsena (Italy): The definition of the sommelier role or job description is not clear in Vietnam, always cum operation manager of food and beverage manager. The Sommelier's definition or position in Vietnam is mostly for small-medium restaurants/hotels only.*

- Mr. Nguyễn Khắc Huy – Head Sommelier Celliers d'Asie Vietnam: There is no school or any professional program to train to be sommelier in Vietnam. However, Sommeliers are remarkably well-known in the developed hospitality industry. We've been witnessing a steady increased form the market demand regarding this job position.
- Mr. Vũ Đức Linh – Head Sommelier Đa Lộc Wine & Spirit: Job Description currently unclear and often included in F&B and combined positions in operations. Salary: there is no common norm, orientation and high level of professional respect for this professional position. Have to say: Salaries are low, but the cost to study to be a sommelier is very high. Level and knowledge: not enough in-depth and objective training to understand and compare brands, lack of balance in operation knowledge and professional knowledge. Career development: only horizontal development and plus sommelier role, need to develop a higher level and focus more on Sommelier profession.
- Mr. Từ Lễ Huy – SSA Principal: Sommelier is one of the latest jobs of the restaurant - hotel industry in the Vietnamese market in recent times. About 10 years ago, we rarely saw the phrase "Sommelier" mentioned in Vietnam, but in the past 3 years, Sommelier has become more and more known and many young people in Vietnam started Interested in learning as well as having the desire to study training courses in Vietnam. However, you still face great difficulties due to the lack of a professional and methodical training environment, only WSET can organize training courses at levels 1, 2, and 3 in Vietnam. And one of the biggest obstacles for those of you who want to study and work as a professional Sommelier

in the Vietnamese market is that the market demand is still quite small, with very few restaurants – except for the restaurants in the hotel system. five stars – really has this place. But with the strong and steady development of Vietnam's tourism industry, I believe that Sommelier will be a very promising job in the future, bringing income and a lot of unforgettable experiences for young people,

5. The process and issues related to importing wine into Vietnam

- According to imported tax figure (updated June 2021) there are 3 different taxes: Imported tax: 35%, VAT 10% and Luxury tax 50% are very high and this is a reason the consumer price of wine in Vietnam is too high.
- Many documents required, sometimes documents from US are different to requirements from customs in Vietnam.
- 2 weeks required for product quality publication documents, when the label / ABV .. or any other changes occur the importer has to repeat the product quality publication for the same product.
- However, all the difficulties and complexities in the importing process on documents & policies are only necessary for the 1st time import.

6. Recommendation to Californian Wine Institute about the best way to pursue the Vietnamese market for California wines.

- Involvement in wine education: training, master class, wine tasting, wine contest
- Work closer with all importers / distributors for marketing campaign, Californian wine promotion / event with KOL...
- Create fan page / group to share knowledge, coordinate with other wine association / wine lover group
- Support and help importers/distributors to bring more entry level / mid-level Californian wine, expand the market and approach all channels / customer's profile
- Bring training course (American based) to Vietnam; Example: Society of Wine Educator, Course Master Sommelier or official course from California Wine Institute...
- Vietnamese have a high value perception of American made products and deem them as premium quality products. However, the level of brand awareness in Vietnam is relatively low, and as such, importers will need to establish a strong consumer base and brand image early on. California Wine Institute could support on branding image and useful information.

7. Final thoughts

- For most Vietnamese, drinking alcohol is primarily an activity that can involve competition and inebriation. Most prefer liquors, beers, or various wines, including medicinal wines, which may be infused with herbs or parts of, or whole reptiles or other animals.
- Many current-day Vietnamese have had the opportunity to travel, and their exposure to wine has increased. Within Vietnam however, wine remains too expensive for most consumers and national preference for wine has been slow to fully develop. Due to both cheaper prices and taste preferences, Vietnamese continue to show preference towards rice wines, whiskey, vodka, or homemade liquors. As a result of consumer taste and product awareness, a market for wine in Vietnam will take time to fully develop. Local producers, such as Vang Dalat Wines, have a strong understanding of the local market and produce wines suited to regional preferences. This focus on domestic production bodes well for the import market. As domestic wineries familiarize the population with wine, those emerging consumers are more likely to develop into moderate wine consumers, thus opening opportunities for U.S. wine exporters.
- And knowledge is power!

Hồ Chí Minh City 15th, March 2022