

UNIVERSITÀ DEGLI STUDI DI PADOVA

**Department of Agronomy, Food, Natural Resources, Animals and
Environment**

Second Cycle Degree (MSc) in Italian Food and Wine

**Unveiling Opportunities: Analyzing the Chinese
Wine Market for Italian Organic, Biodynamic and
Natural Wines**

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Abstract

This master's thesis embarks on a comprehensive exploration of the Chinese wine market, unraveling its intricate tapestry and shedding light on emerging trends. With a keen focus on the burgeoning demand for alternative wines, particularly organic and biodynamic varieties, the research investigates the factors shaping consumer preferences and market dynamics. Leveraging both desk analysis and field research, the study combines a meticulous examination of existing literature with firsthand insights gathered from industry experts, wine importers, and producers. Through structured questionnaires and interviews, the research aims to elucidate the challenges and opportunities faced by Italian organic and biodynamic wine producers in navigating the expansive and evolving Chinese market. The final output includes a robust SWOT analysis, offering strategic insights for Italian winemakers seeking to establish a prominent presence in China.

Key words: China, Natural wine, Chinese wine market, Italian wines, market analysis, wine production.

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Chapter I

Introduction

The global wine market is undergoing a transformative phase, marked by evolving consumer preferences, and a growing demand for alternative, sustainably produced wines. Within this landscape, the Chinese wine market stands out as a dynamic and influential player, offering both challenges and unprecedented opportunities for international wine producers. This master's thesis embarks on a nuanced exploration of the Chinese wine market, with a specific focus on the rising interest in natural wines, including organic and biodynamic wines of Italy.

In recent years, China has asserted itself as a key player in the wine industry, with a shifting consumer base that increasingly values authenticity, health consciousness, and sustainable practices. This thesis seeks to unravel the intricacies of this evolving market, delving into the historical roots of wine's symbolic significance in Chinese culture and navigating through modern trends and consumption patterns.

The scientific importance of this research lies in its potential to contribute novel insights into the preferences and behaviors of Chinese wine consumers, especially concerning natural wines. As the interest in organic and biodynamic wines gains momentum globally, understanding how these trends manifest in the unique socio-cultural context of China becomes paramount. Moreover, the study provides a platform for an in-depth analysis of the challenges and opportunities that Italian natural wine producers encounter as they navigate this expansive and complex market.

This research holds significance not only for the academic community but also for industry practitioners, offering strategic guidance to Italian wine producers aiming to establish a foothold in the burgeoning Chinese market. By bridging academic inquiry with practical implications, this study aims to advance our understanding of the interplay between cultural nuances, market dynamics, and consumer preferences in the context of the Chinese wine market.

Literature Review

Natural wines, defined by minimal intervention in the winemaking process, have garnered increasing attention in recent years. Scholars such as J. Robinson (2015) and A. Feiring (2017) have explored the historical roots and philosophies behind natural winemaking. The movement emphasizes sustainable agriculture, organic practices, and the absence of additives, creating a

unique sensory experience. Isabel Schäufele's (2017) extensive review explores consumer perceptions, preferences, and willingness-to-pay for sustainable wines. Analyzing 34 articles published from 2000 to 2016, the study categorizes findings based on production methods. Consumers globally showed positive inclinations towards sustainability, often expressing a willingness to pay more. Environmental considerations dominated purchase decisions, with organic and sustainable labels serving as quality indicators. However, consumer awareness of broader sustainability concepts was low in some regions. The review recommends future research on real market scenarios to understand the attitude-behavior gap and emphasizes the potential of sustainability as a differentiation strategy, particularly for local and organic wines. Marketing efforts focusing on environmental, social, and economic aspects are suggested to enhance consumer knowledge and preferences. These articles aim to synthesize key findings, providing a comprehensive understanding of the natural wine landscape.

China's wine market has undergone remarkable transformations in recent decades. Early works by Jenster, P., & Cheng, Y. (2008) provide insights into the historical development of the Chinese wine industry. Rapid urbanization, a burgeoning middle class, and evolving consumer preferences have been extensively studied by researchers such as Wang, H. H. (2010) and Goodman, D. S., & Chen, M. (2013). Sun Jian et al.'s (2023) study on China's wine industry offers a comprehensive overview of its evolution since 1892, spanning 130 years. The industry features 11 distinct wine regions, diverse grape varieties, and various wine types. With over 1,680 wineries, it operates under modes like "Chateau & Chateau wines" and "winery & brand wines." Notably, Chateau enterprises constitute 80% of the industry. Management organizations like the Ministry of Agriculture oversee the industry, with 12 sub-wine regions receiving geographical indication protection. The consumer market, divided into five groups, holds significant potential in Asia. The integrated approach to grape growing, winemaking, consumption, tourism, and cultural promotion reflects. All these articles aim to provide a succinct overview of the critical developments and trends in the Chinese wine market.

In China, the interest in natural wines aligns with global trends but is also uniquely shaped by cultural nuances. With a growing cohort of environmentally conscious consumers, the demand for wines produced through sustainable and organic practices is on the rise. While traditional Chinese alcoholic beverages hold cultural significance, the younger generation is increasingly drawn to the diversity and authenticity offered by natural wines. Challenges such as the need for

clear certification standards and education on natural wine principles are areas explored by researchers like Sun, X., Zhang, F., Gutiérrez-Gamboa, G., Ge, Q., Xu, P., Zhang, Q., & Ma, T. (2022). As Chinese wine consumers become more discerning, the market potential for natural wines in China is poised for significant growth, presenting both opportunities and challenges for producers and distributors in this evolving landscape.

There is no sufficient theoretical and empirical base considering the problem of entering Chinese wine market by natural wine producers from the EU, which emphasizes the relevance of writing this thesis. In this study gathered Chinese wine production, customer preferences and competitive environment in the Chinese market. In combination with analysis of natural wine's industry, its export experience in China, and revealing the future opportunities, this work is able to claim on scientific novelty.

1.1 Study Objectives

1. Understanding Chinese Wine Market Dynamics:

Delve into the historical roots and cultural significance of wine in China, unraveling the complex tapestry of traditions and rituals associated with this ancient beverage.

2. Analyzing Trends in Wine Consumption:

Examine the modern landscape of wine consumption in China, considering factors such as cultural influences, demographics, and evolving consumer preferences.

3. Exploring Chinese Wine Production:

Investigate the dynamics of wine production within China, identifying key regions, grape varieties, and winemaking techniques that contribute to the nation's diverse wine portfolio.

4. Assessing Opportunities for Italian Natural Wines:

Evaluate the potential for Italian natural wines in the Chinese market, considering consumer perceptions, regulatory landscapes, and the cultural nuances that influence purchasing decisions.

The interest in exploring the Chinese wine market, particularly in the context of natural wines stems from the intersection of cultural, economic, and environmental factors. China's rich history with wine, coupled with the contemporary rise in environmental consciousness among consumers, presents a unique backdrop for studying the market dynamics. Wine in China transcends mere consumption: it holds profound cultural significance embedded in rituals,

ceremonies, and social interactions. Understanding these cultural nuances is crucial for foreign producers seeking to establish a meaningful presence.

With China ranking as one of the largest and fastest-growing wine markets globally¹, there exists immense potential for international producers. Italian natural wines, renowned for their authenticity and sustainable practices, can tap into this market to meet the rising demand for premium, eco-friendly products.

The global trend toward sustainability aligns seamlessly with the ethos of natural wines. As Chinese consumers increasingly prioritize environmentally conscious choices, the thesis aims to identify how Italian natural wines can capitalize on this trend.

In conclusion, the exploration of the Chinese wine market, with a specific focus on Italian natural wines, not only serves academic curiosity but also equips wine producers with actionable insights to thrive in this dynamic and burgeoning market.

1.2 Research aim and research questions

This master's thesis embarks on a comprehensive exploration of the Chinese wine market with a specific emphasis on Italian natural wines. The primary aim of this research is to unravel the evolving trends, cultural dynamics, and market opportunities that define the intricate landscape of wine consumption in China. The overarching aim of this study is to provide a nuanced understanding of the Chinese wine market, identifying key trends and opportunities for Italian producers specializing in natural wines. By delving into the historical roots, cultural significance, and modern consumption patterns, the research aims to equip stakeholders with valuable insights to navigate this complex and dynamic market.

Exploring the historical and cultural significance of wine in China unveils its transformative evolution over time. This investigation delves into the intricate interweaving of traditional rituals and celebrations with wine consumption. Shifting focus to the contemporary landscape, the study examines the prevailing trends in the Chinese wine market. It scrutinizes the multifaceted impact of cultural, demographic, and economic factors on the dynamic landscape of consumer preferences. Additionally, the research assesses the repercussions of globalization, evaluating its role in diversifying the array of wines accessible in the Chinese market. In tandem,

¹ Jian, S., Shili, R., Jinchun, L., Jiming, L., Jianbo, F., & Xiao, Z. (2023). Current situation and development trend of wine industry in china. *BIO Web of Conferences*, 68, 03011. <https://doi.org/10.1051/bioconf/20236803011>

the study investigates the influence of e-commerce on customer habits in the context of the evolving wine market. Turning attention to the realm of natural wines, the research probes into how Chinese consumers perceive and engage with this category. It explores the intricate web of factors shaping their purchasing decisions, particularly delving into the roles of sustainability and eco-friendliness in shaping consumer perceptions. Shifting the focus to Italian natural wines, the study scrutinizes their market positioning in China. Furthermore, it strategically explores how Italian producers can leverage cultural nuances to enhance their success in the Chinese market. This involves a nuanced examination of how cultural considerations intricately influence the marketing and branding strategies employed by Italian natural wine producers in the unique context of the market under study.

These research questions form the scaffolding of the study, guiding the exploration of the Chinese wine market and providing a comprehensive framework for analysis and interpretation.

1.3 Structure of the thesis

This master's thesis embarks on a nuanced exploration of the Chinese wine market, with a specific focus on trends and opportunities for Italian organic and biodynamic wines in the expanding market investigated. The research approach is methodically designed to provide a comprehensive understanding, blending qualitative methods through a mixed-methods strategy. The study leverages a dual-pronged approach, encompassing both desk analysis and field analysis. The desk analysis involves an exhaustive review of scientific literature, market reports, and industry insights, providing a theoretical foundation rooted in historical perspectives and contemporary market trends. Concurrently, the field analysis incorporates primary data collection through structured questionnaires distributed to Chinese wine importers and Italian natural wine producers. This qualitative research design enables a holistic exploration, capturing both the theoretical underpinnings and the real-world dynamics of the Chinese wine market. The convergence of insights from these distinct but interrelated approaches forms the basis for constructing a comprehensive SWOT analysis, contributing to a nuanced understanding of the complexities and opportunities inherent in the intersection of Italian natural wines and the dynamic Chinese market.

The study comprises seven chapters: chapter I is an introduction, which includes study objectives, research aim and questions, and thesis structure; chapter II delves into the definitions

of natural, organic, and biodynamic wines; chapter III outlines the methodology employed in conducting the research; chapter IV explores the symbolism of wine in Chinese culture; chapters V and VI offer a thorough analysis of Chinese wine production and marketing trends; the final chapter presents the main research findings and forecasts. The results are presented in the format of SWOT analysis.

This thesis embarks on a comprehensive exploration of the Chinese wine market with a specific focus on Italian natural, organic, and biodynamic wines. The primary objective is to unravel the intricate dynamics shaping this burgeoning market, delving into its historical roots, cultural significance, and modern consumption patterns. As a final objective, the aim is to evaluate the competitive position of Italian natural, organic, and biodynamic wines within the Chinese market landscape. Through a meticulous analysis of strengths, weaknesses, opportunities, and threats (SWOT), this work seeks to provide actionable insights and strategic guidelines for producers in leveraging the vast potential of the Chinese market. By identifying key trends, consumer preferences, and market nuances, this study aims to equip stakeholders with the necessary knowledge and tools to navigate and thrive in this dynamic and evolving marketplace.

The study includes 11 Figures, 3 Tables and Appendix.

Chapter II

Natural, Organic, and Biodynamic Wines

In recent years, the wine industry has witnessed a significant shift towards environmentally friendly and sustainable practices (Christ & Burritt, 2013). Natural, organic, and biodynamic wines have emerged as popular choices among consumers seeking wines produced through eco-conscious methods. This section aims to define and distinguish these three types of wines, highlighting their unique characteristics and production processes.

2.1 Natural Wine

Definition: natural wine is an approach to winemaking that emphasizes minimal intervention, allowing the grapes to ferment with as little interference as possible. The primary focus is on utilizing indigenous or wild yeast for fermentation and avoiding additives or technological processes.

Characteristics:

- **Minimal Intervention:** natural wines are made with minimal use of additives or processing, reflecting the grape's truest expression and natural terroir.
- **No Additives:** typically, no additives such as sulfites, commercial yeast, or enzymes are used during the winemaking process.
- **Spontaneous Fermentation:** fermentation occurs naturally, driven by indigenous yeasts present on the grape skins.
- **Unfiltered and Unfined:** natural wines are often unfiltered and unfined to retain their natural flavors and textures.

2.2 Organic Wine

Definition: organic wine is produced from grapes grown using organic farming practices, avoiding synthetic chemicals, pesticides, herbicides, and genetically modified organisms.

Characteristics:

- **Organic Farming:** the grapes are cultivated using organic farming methods, following strict guidelines and regulations.

- No Synthetic chemicals: synthetic chemicals, pesticides, and herbicides are replaced with natural alternatives to maintain soil health and biodiversity.

Certification: organic wines are certified by relevant authorities, ensuring compliance with organic farming standards. Some prominent certifications include USDA Organic Certification (United States), EU Organic Certification (European Union), Demeter for biodynamic practices, IFOAM Organic Certification (international), ACO for Australian wines, and JAS Organic Certification (Japan). These certifications ensure compliance with rigorous organic farming principles, providing consumers with transparent and trustworthy information about the production process.

2.3 Biodynamic Wine

Definition: biodynamic wine production is a holistic approach, considering the vineyard as a self-sustaining ecosystem. It combines organic farming practices with a spiritual and lunar calendar-based approach.

Characteristics:

- Holistic Farming: biodynamic farming aims to create a self-sustaining ecosystem within the vineyard, incorporating plants, animals, and natural processes.
- Lunar Calendar: planting, pruning, and harvesting are aligned with the lunar calendar, influencing the grape's growth and wine quality.
- Compost and Preparations: biodynamic farmers use special composts and preparations made from herbs, minerals, and animal manures to enhance soil fertility and grape quality.

2.4 Comparison and Differences

The Table 1 provides a comparative overview of key aspects, including philosophy, certification, use of additives, and farming practices, distinguishing natural, organic, and biodynamic wines.

Aspect	Natural Wine	Organic Wine	Biodynamic Wine
Philosophy and Approach	Minimal intervention, expressing natural grape characteristics	Avoiding synthetic chemicals, following strict farming standards	Holistic approach, considering the vineyard as a dynamic system
Certification	No specific certification, relies on winemaker's adherence	Certified by authorized bodies based on organic farming standards	Certified by organizations like Demeter, adhering to biodynamic principles
Use of Additives	No or minimal additives, pure representation of grape and terroir	Avoids synthetic additives, focuses on natural alternatives	May use specific organic preparations, avoids synthetic additives
Farming Practices	No specific mandates for farming practices	Requires adherence to organic farming practices	Combines organic farming with spiritual and lunar calendar-based practices

Table 1: Comparative Analysis of Natural, Organic, and Biodynamic Wines

In conclusion, natural, organic, and biodynamic wines represent the industry's move towards sustainable and eco-friendly winemaking. While natural wines emphasize minimal intervention, organic wines focus on avoiding synthetic chemicals, and biodynamic wines embrace a holistic approach with spiritual and lunar influences. Understanding these distinctions allows consumers to make informed choices aligned with their preferences and values.

The definitions and regulations surrounding natural, organic, and biodynamic wines can vary significantly across the United States (US), European Union (EU), and Asia (China). In the US, the term "organic" is strictly regulated by the National Organic Program (NOP), outlining specific farming practices and restrictions on synthetic substances in both viticulture and winemaking (*Organic 101*, n.d.). However, the term "natural" lacks official definition or regulation by the government, resulting in a range of interpretations and practices within the industry. In the

EU, organic wine is well-defined² and follows established standards, with certification processes overseen by regulatory bodies³. Additionally, the EU has a developing framework for natural wines, although consensus on a precise definition is ongoing. Conversely, China, while increasingly interested in sustainable wine production, has yet to establish a robust regulatory framework for organic, natural, or biodynamic wines, leading to a lack of standardized definitions and certifications within the industry. As these regions continue to evolve and align their definitions and regulations, a harmonized global understanding of these wine types may eventually emerge.

In this study, wines produced through minimal intervention, considering natural, organic, and biodynamic wines, will go under the term "natural wines". Natural wines are crafted with a minimalistic approach, emphasizing sustainable farming, minimal processing, and spontaneous fermentation, showcasing the unique characteristics of the grape and terroir while avoiding synthetic additives or manipulations during winemaking.

² A wine can be defined "Organic" when it is produced according to the Regulation of the European Commission (EC) no. 203/2012, that is:(in the vineyard) produced from "organic" grapes;(in the cellar) produced using only products and processes authorized by the Regulation (EC) No 203/2012. Until 2012, there were no EU rules or definition of "organic wine". Only grapes could be certified organic and only the mention "wine made from organic grapes" was allowed. In February 2012, new EU rules have been agreed. The new regulation has identified oenological techniques and substances to be authorized for organic wine, including a maximum sulphite content (set at 100 mg per liter for red wine and 150 mg/L for white/rosé).

³ By European Commission

Chapter III

Methodology

3.1 Research Strategy and Study Design

The methodology adopted for this research ensures a comprehensive understanding of the Chinese wine market by employing a qualitative research approach that integrates desk analysis and field activities to gather diverse perspectives and insights.

Regarding information sources selection, the desk analysis involves a systematic review of scholarly articles, industry reports, market analyses, and relevant literature on Chinese wine consumption, production, and market trends. Primary sources include academic journals, market research reports, and industry publications. Concerning the field analysis strategy otherwise, we have two main sections: sampling criteria and informant selection. A purposive sampling approach is employed during the field phase, carefully selecting participants based on specific criteria such as presence in the Chinese wine market and involvement in the production or distribution of natural, organic, or biodynamic wines. Key informants include Chinese wine importers and Italian natural wine producers actively engaged in the Chinese market. Interviews and surveys are conducted to gather qualitative data on market trends, challenges, and opportunities. The results from desk and field analyses are systematically integrated to develop a comprehensive SWOT analysis. Insights gained from scholarly literature and industry reports are juxtaposed with real-world perspectives obtained through interviews and surveys.

Ethical guidelines, including participant confidentiality and informed consent, are strictly adhered to throughout the research process. All participants receive clear information about the research purpose and their involvement.

3.2 Integrating Desk and Field Analyses

This research employs a dual-pronged approach, integrating desk analysis and field analysis to comprehensively explore trends and opportunities within the wine market under study, specifically focusing on Italian natural wines. The dual methodology aims to provide a holistic understanding, enriching the research outcomes and contributing to the development of a robust SWOT analysis. The desk analysis explores existing literature, industry reports, and statistical data

related to the Chinese wine market, cultural dimensions, and global wine trends. Sources are carefully selected based on credibility, relevance, and recency, including academic journals, market reports, and reputable industry publications. The field analysis involves direct engagement with the Chinese market through surveys and interviews. Respondents are strategically selected to represent diverse perspectives within the wine industry, including consumers, importers, distributors, and industry experts. The questionnaire design ensures a nuanced understanding of consumer preferences, market challenges, and opportunities. Interviews with industry experts provide qualitative insights that complement quantitative survey data.

The results from both analyses converge to form the foundation for constructing the SWOT analysis. The desk analysis offers a macro-level understanding, providing insights into market trends, cultural nuances, and historical contexts. Meanwhile, the field analysis captures real-time perspectives, preferences, and challenges directly from the market's stakeholders.

3.2.1 SWOT Analysis

SWOT stands for: Strengths, Weaknesses, Opportunities, and Threats. The theory helps company to identify and evaluate the internal and external factors and specify the objective for the project. It is a tool to reveal and understand what factors have positive influence and what is the reason for negative impacts on the objective. Each organisation or business must deal with both internal and external factors that affect them (*Marketing Theories - SWOT Analysis*, n.d.). Users of the SWOT analysis can therefore use the first two sections (Strengths and Weaknesses) to help them identify all internal factors; the last two sections (Opportunities and Threats) will be used to identify all of the external factors. Identification of SWOTs is important because they can inform later steps in planning to achieve the objective (Sholarin & Awange, 2016). First, decision-makers should consider whether the objective is attainable, given the SWOTs: if the objective is not attainable, they must select a different objective and repeat the process (Madsen, 2016).

The utilization of the SWOT analysis framework in social work practice proves advantageous as it aids organizations in assessing the attainability of objectives. This, in turn, empowers organizations to establish realistic goals, objectives, and actionable steps to advance social change or community development initiatives. The framework allows organizers to translate visions into practical and effective outcomes, fostering enduring change, and facilitates the collection of meaningful information to optimize organizational potential. Conducting a SWOT

analysis proves valuable in addressing crucial organizational priorities, including gender and cultural diversity, as well as fundraising objectives.

In this specific case study, the structure of the analysis is as follows:

- **Strengths:** leveraging insights from Italian natural wines' characteristics that align with emerging Chinese consumer preferences. Identifying competitive advantages derived from Italian natural wines in the context of Chinese drinking habits.
- **Weaknesses:** uncovering challenges faced by Italian natural wines in meeting specific cultural expectations. Identifying potential gaps in marketing strategies that hinder market penetration.
- **Opportunities:** recognizing untapped segments within the Chinese market that align with the ethos of natural wines. Identifying areas for collaboration and strategic partnerships within the Chinese wine industry.
- **Threats:** understanding external factors such as regulatory challenges or economic fluctuations that might impact Italian natural wine imports. Addressing potential cultural barriers that could pose challenges to market acceptance.

The SWOT analysis serves as the compass for deriving strategic instructions. Recommendations and insights derived from the SWOT analysis guide Italian natural wine producers on market entry strategies, product positioning, and targeted marketing approaches. This final stage of the research emphasizes actionable insights that can be employed to navigate the intricate landscape of the Chinese wine market successfully.

The dual methodology of the study aims not only to answer specific questions but also to provide actionable guidance for Italian natural wine producers seeking opportunities in this dynamic and evolving market.

3.2.2 Questionnaires

Firstly, a structured questionnaire was designed targeting Chinese wine importers to elucidate their perspectives on challenges, opportunities, and trends associated with importing natural wines. The questionnaire was tailored to capture details regarding market preferences, regulatory considerations, and the factors influencing their choices in the evolving wine landscape. Secondly, a distinct questionnaire was formulated for Italian wine producers, aiming to garner their insights on the challenges, opportunities, and profitability aspects related to selling natural

wines in the expansive Chinese market. This questionnaire delved into the intricacies of production, market entry strategies, and the perceived reception of Italian organic and biodynamic wines among Chinese consumers. Both questionnaires were strategically crafted to extract valuable data that contribute to a holistic understanding of the evolving trends and opportunities within the wine market studied, especially concerning the reception and potential for growth of Italian organic and biodynamic wines in this dynamic landscape. The qualitative and quantitative data obtained through these questionnaires will serve as a robust foundation for the subsequent analyses and discussions in this master thesis.

Both questionnaires were strategically crafted to extract valuable data that contributes to a holistic understanding of the evolving trends and opportunities within the Chinese wine market, especially concerning the reception and potential for growth of Italian organic and biodynamic wines in this dynamic landscape. The qualitative and quantitative data obtained through these questionnaires will serve as a robust foundation for the subsequent analyses and discussions in this master thesis.

Chapter IV

A Vintage Tapestry: Tracing the Historical Roots of Wine's Symbolic Significance

The historical overview of the role of wine holds paramount importance within this thesis. Firstly, delving into the historical evolution of wine's role provides essential context, allowing for a profound understanding of its enduring significance across diverse cultures and eras. By tracing the roots of the relationship between wine, spirituality, and fertility, we gain insight into the profound symbolic connections that have shaped human beliefs and practices. Additionally, this historical exploration highlights the persistent influence of these symbolic ties, even in contemporary times, even if often in subtle or transformed ways. Moreover, the incorporation of this historical lens enriches the thesis by providing a comprehensive understanding of the intricate interplay between wine, social status, and its portrayal in different societies. Thus, the historical overview serves as a foundation, anchoring subsequent analyses and discussions within a historically informed framework.

4.1 The Cultural Significance of Wine: Spirituality, Fertility, and Social Status through Time and Space

In the past, there existed a strong connection between wine, religious beliefs, and fertility. Out of all the symbolic ties associated with wine, these connections have persisted the longest. Although these associations might not be as conspicuous in contemporary western English-speaking societies, they still deeply influence a significant portion of European wine culture and continue to shape the global portrayal of this beverage. Firstly, the historical evolution of this relationship and its enduring presence today will be explored. Furthermore, the use of wine to signify social status, essentially creating distinctions in modern sociological terms, has been ingrained for a considerable period and remains profoundly significant in present-day wine consumption patterns (Drieu et al., 2021).

a. Religious & Wine

Wine, beverage made from fermented grapes, has a rich and multifaceted history deeply intertwined with human civilization. One of the most enduring and profound relationships that

wine has maintained throughout the ages is its association with religious beliefs and practices. The spiritual significance of wine can be traced back to ancient times and across various cultures, shaping rituals, ceremonies, and beliefs. In ancient civilizations, the origins of wine were often ascribed to divine intervention or celestial beings. The transformation of grape juice into wine through fermentation was seen as a magical process, evoking a sense of wonder and reverence. The earliest known evidence of wine production dates back to approximately 6000-4500 BC in the region of modern-day Iran and Georgia (much wine make a Frankenstein, n.d.), however, this opinion is disputable, areas with rich historical and cultural ties to wine. In the 10th century, the Palestinian geographer al-Muqaddasi referred to Sicily as "the profitable island" (Drieu et al., 2021). Recent archaeological investigations further substantiate its economic prosperity, particularly during the 10th to 11th centuries. The evidence increasingly suggests that trade remained vibrant even after the decline of the western Roman Empire, positioning Sicily as a pivotal hub for commerce. Amphorae for transportation, manufactured in Sicily during the Islamic era, have been discovered across the central Mediterranean. This indicates a broad spectrum of traded goods during this period, including essential items such as salted fish, vegetable oils, dairy products, fruits, spices, and sugar (Drieu et al., 2021).

The connection between wine and religious practices can be observed in ancient cultures such as the Greeks, Egyptians, Mesopotamians, and Romans (Forrest, 1982). In Ancient Greece, the god Dionysus, associated with wine, revelry, and ecstasy, played a central role in religious ceremonies. Dionysian festivals involved the consumption of wine, and devotees believed that partaking in the drink allowed for a closer connection to the divine. Similarly, in Ancient Egypt, wine was integral to religious rituals. The god Osiris, associated with the afterlife and rebirth, was often depicted holding a crook and a flagellum, symbols of rulership and fertility, and a head-scepter, symbolizing power. The wine was believed to have regenerative properties and was used in funerary practices, highlighting its connection to the cycle of life, death, and rebirth (Guasch-Jané et al., 2006). In Mesopotamia, ancient Sumerians worshiped Ninkasi, the goddess of beer, as beer was a fundamental part of their religious and social customs. While not wine, the religious significance of alcoholic beverages demonstrates the broader role of fermented drinks in ancient spiritual contexts. Wine holds great importance, particularly in Judaism and Christianity. In the Hebrew Bible, this beverage is referenced as a symbol of joy and celebration, and it is an essential element in Jewish rituals such as Kiddush during Shabbat and other religious ceremonies.

Similarly, in Christianity, the Last Supper involved the consumption of wine as a symbolic representation of the blood of Jesus Christ.

It's important to observe that, especially when produced from red grapes, wine bore a resemblance to blood in terms of color. Early religious beliefs often encompassed myths that elucidated wine as the initial form of blood from a sacred creature (Fuller, R. C., 1996). Within religious practices where propitiatory offerings held great significance, wine could be perceived as having an association with blood sacrifice. Consequently, in the early epochs of human civilization, wine evolved into an alternative means of divine offering (McGovern, P. E., 2003). For instance, the Greeks practiced a libation ritual, pouring wine onto the earth as an offering to their deities. Additionally, in several Middle Eastern nations, wine has symbolically come to embody the soul. Tim Unwin (1996) claims that the gods of wine were most powerful where vines were widely grown. In these regions, where wine held great importance both as a substantial product and a vital religious element, it was essential for it to be linked to a potent deity. It is noteworthy that this symbolic connection between red wine and blood has persisted into contemporary times. Red wine, with its blood-like, possibly divine essence, is still frequently considered a beverage more associated with men. Even historically, when French soldiers were provided with a daily wine ration, it was consistently red, believed to imbue them with inspiration and fortitude (Phillips, R., 2000). These ancient beliefs and practices have left a lasting imprint on contemporary religions. The symbolism of wine as a representation of spiritual transformation, joy, and divine connection continues to be a fundamental aspect of many religious rituals and practices worldwide.

In conclusion, the religious connection with this beverage is deeply rooted in the ancient beliefs and practices of different civilizations. From its magical origins to its association with gods and religious ceremonies, wine has held a special place in human spirituality throughout history. Understanding this historical connection allows us to appreciate its enduring significance in both religious and cultural contexts, as well as its continuing role in shaping our collective beliefs and traditions.

b. Fertility & Wine

Wine, an ancient beverage deeply rooted in human history, has long been associated with fertility in various cultures across the globe. The relationship between wine and fertility can be traced back to the earliest civilizations, where it was intertwined with religious beliefs, rituals, and

societal practices. This connection has profound origins, often influenced by the symbolism of vine and grape harvest, the natural processes of life, and the transformative nature of fermentation. In this exploration, we delve into the historical, cultural, and symbolic origins of the fertility connection with the wine. The symbolism of the vine and grape harvest is one of the foundational aspects of the fertility connection with wine. In ancient cultures, the growth of grapevines and the seasonal harvest of grapes were seen as symbols of the Earth's fertility and the cycle of life. The vine, as a vigorous and sprawling plant, was viewed as a representation of growth, expansion, and the potential for new life. The transformation of grapes into wine through fermentation was seen as a miraculous process, symbolizing the creative and transformative powers of nature. Just as the grapevine yielded fruit, fermentation gave rise to a new, revered substance: wine. This transformation was metaphorically linked to the cycle of life, from birth to maturity, echoing the cyclical nature of fertility and renewal in the natural world.

The connection between wine and fertility is also deeply ingrained in ancient religious beliefs and practices. Many ancient civilizations had fertility deities associated with it, celebrating the generative forces of nature. In Greek mythology, Dionysus, the god of wine, revelry, and fertility, played a central role. Dionysian festivals often involved the consumption of wine, with devotees believing that partaking in the drink allowed for a closer connection to the divine and a celebration of life (Varriano, 2022). Similarly, in Roman mythology, Bacchus, the Roman equivalent of Dionysus, was associated with wine, fertility, and merriment. This beverage, in this context, symbolized abundance, prosperity, and the life-giving forces of nature. Libations of it were offered to these deities to invoke blessings for fertility, bountiful harvests, and the continuance of life (Varriano, 2022). The ritualistic use of wine in libations is a fundamental aspect of the fertility connection: they involve the pouring and offering of the beverage to deities or spirits. Wine, as a symbol of life-giving fluids, was offered to gods associated with fertility, agriculture, and creation. The pouring of wine signified reverence, communion, and the desire for abundance and fertility. In ancient ceremonies, wine was often poured onto the earth as an offering, symbolizing a direct connection with Mother Earth and seeking her blessings for a prosperous harvest and fertility. The belief was that as the earth nurtures the vine, it would also nurture the fertility of the land and its people (Faraone, 1993). The belief in wine as an aphrodisiac further reinforces the fertility connection. With its ability to relax inhibitions and evoke euphoria, it was

believed to enhance desire and passion. This association was particularly relevant to fertility rites and rituals centered around procreation (Hospodar, 2004).

Ancient civilizations often consumed wine during fertility ceremonies or before attempts to conceive, attributing the drink's properties to increasing fertility. It was believed that by drinking it, couples would be more inclined towards intimacy, thus promoting the potential for conception and the continuity of life (Hospodar, 2004). The alchemical transformation of grape juice into wine symbolizes the transformative power of fermentation and its parallel to the transformative processes of life. The symbolism of fermentation mirrors the conception, gestation, and birth of life itself. Wine, in this sense, represents the culmination of this transformative journey, embodying the vitality and fertility of the natural world. The origins of the fertility connection with this beverage can be traced back to ancient times, deeply embedded in the symbolism of the vine, religious beliefs, rituals, and societal practices. Wine, as a representation of abundance, growth, and the cyclical nature of life, has continuously been associated with fertility across diverse cultures and civilizations. This profound connection has not only shaped religious and cultural practices but also attests to the enduring significance and symbolism of it in the human narrative. From libations to religious rites, the belief in wine's fertility-enhancing properties, and its transformative alchemy, wine continues to be a symbol of life, vitality, and the enduring power of nature.

As a natural progression of this exploration, we intend to delve into the unique role that wine holds in Chinese culture, where its symbolism, rituals, and historical significance intertwine with ancient beliefs and practices. We aim to unravel the nuanced layers of the fertility connection with wine within the rich tapestry of Chinese traditions and how it mirrors the culture's values and aspirations.

4.3 Wine in Chinese Religious and Cultural Contexts

In the preceding section, we provided a concise overview of the significance of wine in various world religions. Now, we delve deeper into this topic, with a specific focus on China, to unravel the profound role of this beverage in Chinese religious and cultural contexts. China boasts a rich tapestry of religious beliefs and traditions, each intricately interwoven with the symbolic use of wine. From ancient ancestral veneration rituals to Taoist ceremonies and Confucian ancestral rites, wine has held a paramount position as a conduit between the mortal and spiritual realms.

This exploration will shed light on the historical and contemporary connections between wine, spirituality, and communal bonds within the intricate tapestry of Chinese religious and cultural practices. This connection between wine and religious life in Chinese culture has deep historical roots and remains significant in various rituals and traditions. Wine, known as "jiu" (酒) in Chinese, holds symbolic and ceremonial importance, representing both - spiritual and cultural elements in this society. In ancient China, wine played a vital role in religious ceremonies and rituals. It was often used as an offering to deities and ancestors, symbolizing communion between the earthly and spiritual realms. The act of pouring and sharing wine during rituals signified unity, respect, and harmony among individuals and with the divine. One of the most significant instances of wine in Chinese religious practices is found in Taoism. In Taoist rituals, this beverage is used to communicate with deities and seek their blessings (“‘A Cup of Tea for Wine’-- The Humanistic Interest of Tang Tea and Wine Culture,” 2022). It is believed that wine can purify the body and soul, facilitating a connection with the spiritual world. The act of drinking wine during rituals is seen as a way to transcend the physical realm and enter a spiritual state. Moreover, in Confucianism, wine has historical importance in rituals honoring ancestors and elders. Ancestor veneration ceremonies often involved its offering as a gesture of respect and reverence. Wine was seen as a way to honor and connect with ancestors, seeking their guidance and blessings for the family.

In traditional Chinese weddings and celebrations, also rituals are common. During a wedding ceremony, the bride and groom may share a cup of wine to symbolize unity and a harmonious future together. On other festive occasions, toasting with wine is a way to show respect and strengthen social bonds (Z. Li, 2011).

The cultural significance of wine in Chinese folklore and literature also highlights its connection to religious and spiritual themes. Many ancient Chinese poems and stories reference wine as a means to express philosophical or spiritual ideas, often associated with transcendence, enlightenment, and the impermanence of life.

In modern times, while its religious significance has evolved, its cultural and social importance remains prominent. Wine is often present during family gatherings, business meetings, and celebratory events, where it continues to symbolize unity, joy, and the fostering of relationships.

In conclusion, this beverage has had a profound influence on religious and cultural aspects of Chinese society throughout history. Its symbolic significance and ceremonial role continue to be an integral part of religious rituals, traditional ceremonies, and social gatherings, reflecting the enduring connection between wine and spiritual life in Chinese culture.

In ancient China, the term "wine" (酒) carried a broader connotation, encompassing any alcoholic beverage typically crafted from rice, maize, or other grains. This expansive definition emphasized the diverse array of fermented drinks consumed in the region during ancient times. However, as cultural and global influences have evolved, its meaning in modern culture has narrowed to specifically refer to alcoholic beverages derived from grapes or various fruits. This shift in meaning highlights the growing influence of western viticulture and oenology, leading to a distinction between traditional grain-based alcoholic drinks and those made from fruits. Presently, when referring to "wine" in China, it primarily alludes to the rich spectrum of grape wines and fruit wines available, reflecting a refined understanding and classification of alcoholic beverages. As we explore its role in ancient territory in this chapter, we recognize the historical evolution of this term, encompassing a wider array of fermented drinks, including those from grains. However, with the globalization of viticulture and changing cultural perspectives, its contemporary definition has become more specific, primarily denoting grape wines and fruit wines in line with 21st-century norms, underlining the evolving oenological landscape and its cultural implications.

1. Ancient Rituals and Ancestor Veneration

In ancient Chinese society, the use of wine in religious ceremonies was deeply rooted in ancestor veneration. Ancestors held a revered position within families, and it was crucial to maintain a strong spiritual connection with them. During significant ancestral ceremonies, families would offer wine as a symbolic gesture of respect, gratitude, and remembrance. The act of pouring and sharing wine was considered a means of inviting the ancestors' spirits to partake in the family's affairs, seeking blessings for prosperity, unity, and the continuation of the family lineage (Nelson, S. M., 2003). This beverage, in these ancient rituals, embodied the essence of the family's history and traditions. Its offering was seen as a form of dialogue with the ancestors, a way to express filial piety and maintain a harmonious relationship between the living and the departed. It was believed that the ancestors' spirits would be pleased by the aroma and essence of it, and through this offering, they would extend their blessings and protection to the family (Fu, 2019). As a result,

wine became an integral part of the familial and communal identity, connecting generations through ancestral veneration.

2. Wine in Taoist Rituals

Taoism, an ancient Chinese philosophy and religion, often incorporates wine into its spiritual and religious practices. It is considered to possess spiritual attributes that aid in achieving a higher state of consciousness and connection with the divine. In Taoist rituals and ceremonies, its consumption is a way to purify the body and soul, enabling individuals to transcend the material world and attain a more profound spiritual awareness (Dean, 2014). Taoist priests frequently use it as an offering to invoke the presence and blessings of deities: its symbolic significance is rooted in its transformative properties. Just as wine undergoes a transformative process from grape to the final fermented form, individuals aspire for a spiritual transformation through the consumption of wine. It is believed that by consuming it during rituals, the participants can cleanse their minds and bodies, facilitating a deeper connection with the divine energies (Gonzalez, 2019). Furthermore, wine is often used in rituals to evoke joy, celebration, and a sense of unity among participants. It serves as a medium to break down barriers and inhibitions, allowing worshippers to fully engage with the spiritual experience. In Taoist practices, it serves not only as a symbolic offering but also as a spiritual tool to aid in the seeker's journey toward enlightenment and communion with the Tao.

3. Confucian Ancestral Rites

Confucianism, deeply ingrained in Chinese culture, places great emphasis on filial piety and the reverence of ancestors. In these ancestral rites and ceremonies, wine is a fundamental element used to pay respects to one's forebears. Ancestor veneration is a cornerstone of Confucian thought, where family members gather to honor and remember their ancestors. During these ceremonies, it is poured as an offering to ancestral tablets or altars. The act of pouring it is accompanied by ritualistic gestures and prayers, symbolizing respect, and gratitude, and seeking the blessings of the ancestors (Teiser, 1988). Wine, in this context, serves as a medium to express filial piety and maintain a strong spiritual connection with one's lineage. The symbolism associated with it in the context of Confucian ancestral rites is intricate and multifaceted. It serves to embody the perpetuation of familial customs, the transmission of values from one generational iteration to another, and the recognition of the family's historical lineage. Analogous to its aging and

maturation process, family values, and legacies undergo a similar progression, evolving and refining across successive generations. Fundamentally, this beverage encapsulates the quintessence of ancestral heritage, encapsulating profound cultural and moral values transmitted through the annals of time (Ebrey, 2014).

4. Wine Offerings to Deities

Wine has been an essential element in various Chinese religious traditions, used as an offering to appease and honor deities. The act of offering it is deeply symbolic and signifies the sincerity and reverence of the worshipers towards the divine: it is viewed as a sacred gift, symbolizing purity and devotion (Perkins, 2013). In temples and sacred places, worshipers often present the beverage as an offering to the gods, expressing their gratitude, seeking blessings, or requesting divine intervention. The ritual of offering it involves specific ceremonies, prayers, and gestures, all performed with utmost solemnity and respect. The wine is poured into ceremonial vessels and then presented to the deity as a symbolic gesture of communion and reverence (Golovachyov, V., 2008). Here, wine acts as a bridge between the human and divine realms. The act of sharing it with the deities is considered a way to establish a spiritual connection, enabling worshipers to communicate their prayers and aspirations directly to the divine. It is believed that the gods, pleased with the offering, will bless the worshipers and fulfill their wishes, fostering a sense of harmony and well-being (Poo, M., 1999).

In Chinese culture, one notable example of wine offerings to deities occurs during the traditional celebration of the Hungry Ghost Festival, also known as the Zhongyuan Festival (中元節). This festival, deeply rooted in Taoism and Buddhism, honors deceased ancestors and wandering spirits (Golovachyov, V., 2008). As part of the rituals during the Hungry Ghost Festival, families set up elaborate altars at their homes or in community spaces. On these altars, offerings are placed to appease and honor the spirits, including food, incense, and symbolic items. Wine, often in the form of rice wine or other alcoholic beverages, holds a central place among these offerings (Stepanchuk & Wong, 1991). During the evening of the festival, a customary ritual called "Jiu Jiao" (酒澆) or "Wine Tossing" takes place. A portion of it is poured into cups, and family members or participants toss it into the air as an offering to the wandering spirits and ancestors: this act is accompanied by prayers and invocations, expressing respect and seeking blessings for both the living and the departed. The wine-tossing ritual is a way to invite the spirits to partake in

the festivities and to ensure their well-being in the afterlife. The symbolic act of offering it represents the unity between the spiritual and earthly realms, fostering a sense of harmony and ancestral reverence during this significant cultural and religious event (Teiser, 1988).

5. Buddhist Rituals and Wine

While Buddhism generally discourages the consumption of intoxicants, including alcohol, certain esoteric Buddhist practices incorporate wine symbolically in specific rituals. In these practices, it represents the transformative aspect of spiritual enlightenment and the transmutation of ignorance into wisdom. Its use in esoteric Buddhism is symbolic and not for its literal consumption. Wine, often referred to as the "nectar of wisdom," symbolizes the profound teachings of Buddhism that have the power to transform the practitioner's understanding of reality. During specific Buddhist rituals, a symbolic offering of it is made to invoke spiritual blessings and attain higher states of consciousness (Benn, J. A., 2005). In Tantric Buddhism, a branch of esoteric Buddhism, wine may be used in certain ceremonies to represent the enlightened mind. It is viewed as a potent elixir that awakens spiritual awareness, transcending the limitations of the physical world. Its symbolism in these Buddhist rituals underscores the deeper spiritual meanings associated with its use (Falk, 2009).

6. Wine in Festive Celebrations

Throughout Chinese history, wine has played a pivotal role in various festive celebrations, marking joyous occasions and communal gatherings. Festivals such as the Chinese New Year, Mid-Autumn Festival, and other important cultural events are often celebrated with the presence of wine. During these festive occasions, wine serves as a symbol of unity, happiness, and the sharing of blessings. Families and communities come together to toast with it, signifying good wishes and positive prospects for the future: this action fosters a sense of togetherness and strengthens social bonds among individuals, epitomizing the communal spirit that characterizes Chinese culture. The symbolism of wine during festive celebrations goes beyond its physical consumption. It represents the shared experiences, the joys of life, and the optimism for what lies ahead. The beverage, in this context, embodies the spirit of celebration and the auspiciousness of the occasion, uniting people in a collective expression of happiness and prosperity.

7. Modern Symbolism and Cultural Significance

In contemporary Chinese society, wine holds cultural and social significance, reflecting tradition and modernity. It is often present during formal and informal gatherings, business meetings, banquets, and social events. In business and social settings, wine is used to convey respect, honor, and appreciation. The act of presenting and sharing it is seen as a gesture of goodwill and hospitality, promoting harmony and positive relationships. Wine toasts are common during business negotiations, where they symbolize the sealing of agreements and the cultivation of prosperous partnerships. Overall, in modern Chinese society it embodies both tradition and adaptation. It maintains its role as a symbol of unity and celebration, while also evolving to suit contemporary preferences and practices. Whether in the context of traditional ceremonies, spiritual rituals, festive gatherings, or professional engagements, it remains an enduring emblem of cultural heritage and conviviality in Chinese culture.

Later in this study, the data about drinking habits in the studied area will be observed to fulfill the picture of wine consumption. Besides this, an analysis of the wine market in China will be provided.

Chapter V

Wine Production in Modern China

Wine production in modern China has undergone a remarkable transformation in recent decades, evolving from a modest industry to a significant player in the global wine market. This country, with its rich history of winemaking dating back thousands of years, has rekindled its viticultural traditions and rapidly embraced modern oenology. The purpose of this chapter is to provide a comprehensive exploration of the contemporary landscape of wine production in this territory. By analyzing key aspects such as the history and origins of wine in China, the regions and grape varieties dominating the industry, the impact of climate and geography, technological advancements, market trends, and future prospects, the thesis aim to elucidate the trajectory and dynamics of China's wine production, shedding light on its growing influence in the global vinicultural sphere.

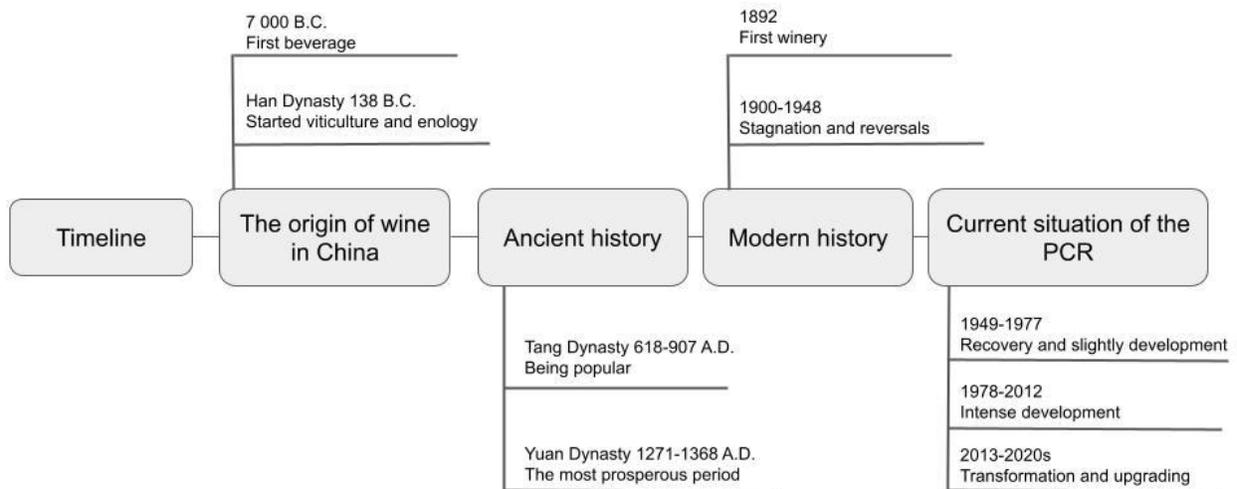


Figure 1: Summary of the history and development of China's wine industry (Tengzhen et al., 2021)

In recent years, China has rapidly gained prominence in the global wine sector, currently holding the position of the 12-largest wine-producing country in terms of volume according to OIV Report 2022 (Roca, 2022). This development is a departure from historical perceptions, where China was not commonly viewed as a significant player in the wine industry. It was only in 1995 that ancient wine traditions were brought to light in this country, substantiated by the discovery of approximately 200 clay vessels containing traces of grape wine dating back to 2600 BC

(*Archaeology: Ancient Winery from the Late Ming Dynasty Is Unearthed in China's Hebei Province | Daily Mail Online, 2022*). Historical accounts by Marco Polo in the 13th century further evidenced the existence of wine farms and exceptional wine in the northeastern region of Taiyuan (Golovachyov, V., 2008). The modern viticulture commenced in the early 1880s with the importation of over 100 *Vitis Vinifera* vines from Europe, leading to the establishment of the first winery in 1892 (D'Agata, n.d.), which remains a notable entity in the Chinese wine landscape today.

China's climatic conditions vary significantly, ranging from continental to mountainous and featuring varying altitudes. Additionally, maritime influences contribute to the diversity of climates in different regions. A substantial proportion of Chinese grape production comprises table grape varieties: this country is taking the 3rd place among the countries all over the world by Vineyard Surface Area (Roca, 2022) (Figure 1 and Figure 2), with only a relatively small percentage allocated to the production of quality red wine (ibid) (Figure 3). The predominant grape varieties cultivated include the internationally acclaimed Cabernet Sauvignon (considered as paramount), Merlot, Cabernet Franc, Carménère, Syrah, Riesling, and Chardonnay (*China Wine Regions Explained, 2023*). Red wines hold greater popularity than white wines, with Bordeaux varietals attaining a cult status among affluent Chinese wine enthusiasts.

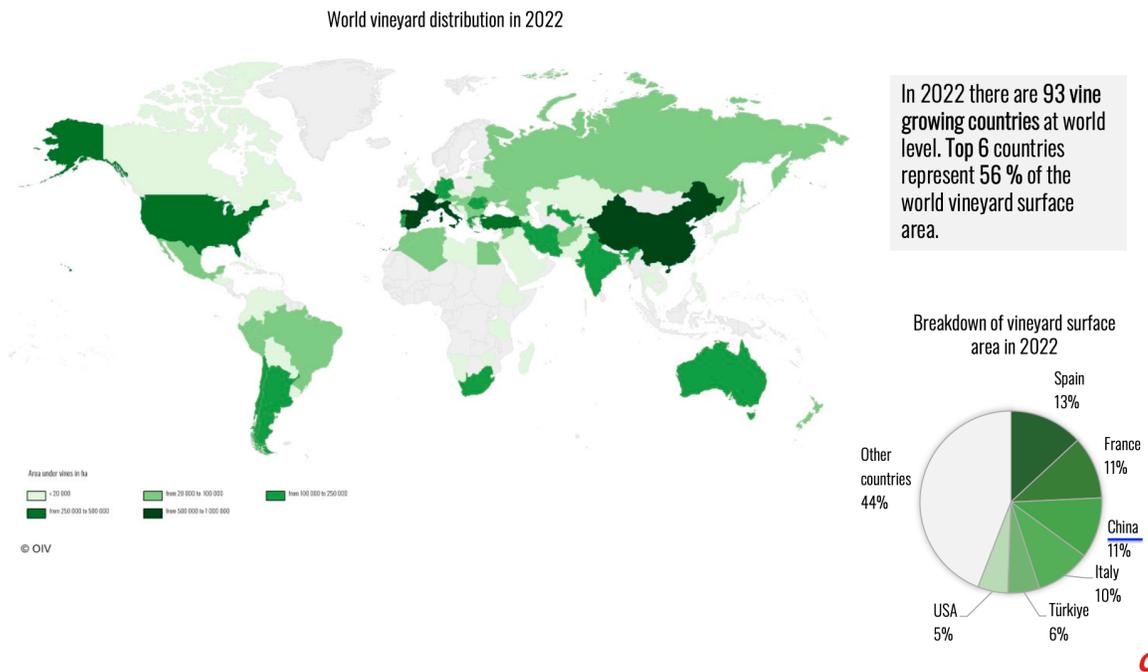
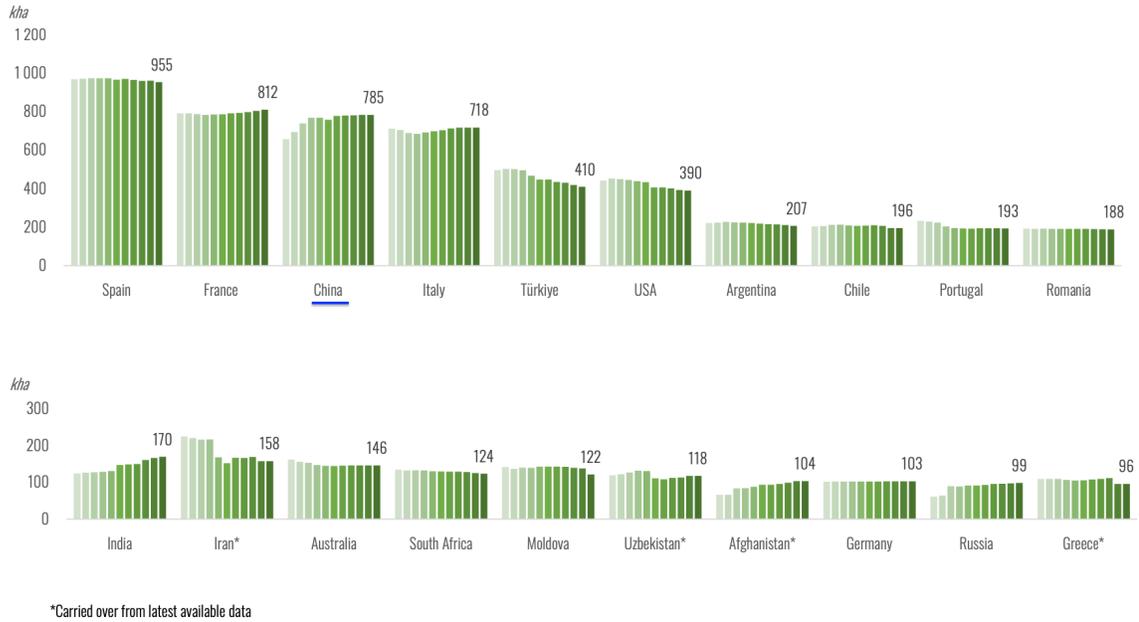


Figure 2: Vineyard Surface Area: World vineyard distribution in 2022 (Roca, 2022)

Major vine-growing countries by surface area, 2012-2022



OIV

Figure 3: Vineyard Surface Area: Major vine-growing countries by surface area, 2012-2022 (Roca, 2022)

Main wine producing countries in 2022

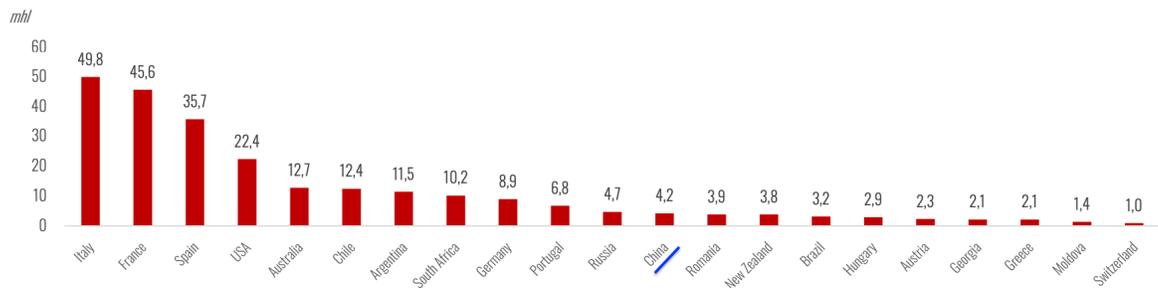


Figure 4: Wine Production: Main wine producing countries in 2022 (Roca, 2022)

5.1 Chinese wine regions

China's burgeoning wine industry is marked by prominent wine-growing regions, including Hong Kong, Shandong, Yunnan, Ningxia, Shaanxi, and Hebei. Currently, it holds a notable position as one of the top ten global markets for fine wine consumption. Projections suggest a substantial increase in both wine production and consumption in the coming decades. The industry

is witnessing significant investments from renowned French Bordeaux and Champagne estates, showcasing China's potential as a burgeoning and dynamic market. Its progress in the global wine market designates it as one of the most exciting developing markets within the wine industry. As China continues to attract growing international attention, it is poised to become a major influencer in the future trajectory of the global wine landscape.

In this part we will consider Chinese main wine regions (Figure 5), highlighting their particularities and describing wine production there.



Figure 5: Wine Map of China (Chris, 2020)

Shandong: A Pioneering Hub in Chinese Wine Production

Shandong, a province in eastern China, stands as a vanguard in the country's burgeoning wine industry. Its rich history in wine production and the significant volume of wine it contributes

position Shandong at the forefront of Chinese viticulture. The Shandong Peninsula, particularly the celebrated "wine capital" of Yantai, is a focal point for wine production in the region. Notable production areas such as Penglai and Qingdao further underscore Shandong's prominence in the Chinese wine landscape (Chris, 2020).

Wine Production History

Shandong boasts a longstanding tradition of wine production, making it a historical leader in China's viticultural landscape. The region's esteemed wine production is deeply rooted in its favorable climate and geographic features, which have provided a conducive environment for grape cultivation (*China Wine Regions Explained*, 2023). Shandong is also credited as the birthplace of Changyu Wine, a renowned entity in the Chinese wine industry.

Climate and Landscape

The climate of this area is characterized by abundant sunlight and a cool, refreshing atmosphere, setting an ideal stage for grape cultivation. The vast fields and sloping hills of Shandong contribute to favorable precipitation and efficient drainage, vital components for successful grape growing. Its maritime climate, owing to its peninsula location, further enhances its suitability for viticulture. While coastal terrain is prevalent, the middle region of the province is characterized by hillier topography (X. Wang et al., 2020).

Grape Varieties

Shandong boasts an array of grape varieties, with Cabernet Sauvignon, Syrah, Carménère (Cabernet Gernischt), Cabernet Franc, Merlot, Chardonnay, and Riesling being among the most prominent (X. Wang et al., 2018). These grape varieties find ideal conditions in the region's climate and soil, allowing them to flourish and contribute to the production of high-quality wines.

Leading Brands

This region stands as one of China's most prolific wine-producing regions, home to the oldest and largest winery in the country, contributing around 40% of China's total wine production (*China Wine Regions Explained*, 2023). The city of Yantai, situated on the northern coast of the peninsula, has earned the moniker of China's wine capital. This region has become a magnet for international wine investors from prestigious wine regions like Bordeaux, France, illustrating its pivotal role in shaping the future of Chinese wine. The leading brands are *Changyu Pioneer Wine Co* and *Grand Dragon*.

In conclusion, Shandong's historical legacy, climatic advantages, diverse grape varieties, and contributions to the Chinese wine industry underscore its position as a significant player in the global wine landscape. The province's reputation as a pioneering hub for wine production is well-deserved, setting the stage for its continued growth and influence in the world of viticulture.

Hebei: Nurturing China's Bordeaux Ambitions

Hebei, an emerging wine-growing region situated on the east coast of China, has made a significant mark on the global viticultural landscape, particularly known for its pioneering production of dry white and red wines. Often referred to as the "Bordeaux region of China," this region owes its acclaim to its prominent plantings of Cabernet Sauvignon and Merlot. With a different range of landscapes encompassing floodplains, mountains, and a climate influenced by both the Pacific and Indian oceans, Hebei offers a promising terrain for grape cultivation and wine production.

Wine Production History

This area has earned recognition as a region at the forefront of China's evolving wine industry. Notably, it holds the distinction of being the birthplace of China's initial dry white and red wines, marking a significant milestone in the country's viticultural journey (Chris, 2020). This heritage, combined with its diverse landscapes, has propelled Hebei into the limelight of the global wine stage.

Climate and Landscape

Hebei's climate is characterized by warmth and moisture, underscored by slightly above-average rainfall levels. The diverse geography, ranging from the floodplains of the Yellow River in the south to the Yan Mountains in the north, contributes to the region's distinctive climate. The influence of both the Pacific and Indian oceans infuses the region with cold, moist air, resulting in frequent rainfalls. The vineyards, located between 200-300 meters above sea level, benefit from abundant sunshine, crucial for grape ripening. With cooler altitudes reaching up to 1000 meters, the region enjoys a varied climate spectrum that accommodates the growth of an array of grape varieties (Hebei, n.d.).

Grape Varieties

The prominence of this area in the Chinese wine landscape is attributed to its significant plantings of Cabernet Sauvignon and Merlot, similar to the famed Bordeaux region. These

Bordeaux grape varieties have found a welcoming home in Hebei's favorable climate and diverse landscape. Additionally, the region cultivates other grape varieties, including international (Syrah, Riesling, Chardonnay) and local (Dragon Eye, Marselan) grape varieties (*China Wine Regions Explained*, 2023).

Leading Brands

Hebei's emergence as a significant wine-producing region, coupled with its moniker as China's Bordeaux, has attracted increasing international attention and acclaim. The hillier northwest of Beijing, known as Huailai, and the seaside city of Changli in the north of the province are the two primary wine-growing areas contributing to its burgeoning reputation. The region's wines have made an indelible mark, earning recognition and establishing the area as a key player in China's wine industry. Hebei Province is home to two top-quality Chinese wineries: *Domaine Franco Chinois* and *Canaan Wine Estate* (“Canaan’ in China,” 2020). Notably, *the Great Wall Wine Factory*⁴ stands as the cornerstone of China's wine production, holding the title of the country's largest wine producer. With an impressive annual production volume exceeding 80 million liters and a substantial market value, the Great Wall Wine Factory plays a pivotal role in propelling China's burgeoning wine industry to the forefront of the global stage.

In conclusion, Hebei's historical significance, diverse landscapes, favorable climate, and cultivation of prominent grape varieties position it as a pivotal hub in China's wine production. Its strides in producing high-quality wines and gaining international recognition underscore its potential to continue shaping the trajectory of Chinese wine on the global stage.

Ningxia: A Rising Star in China's Wine Landscape

Ningxia, a relatively small yet promising wine-growing region situated in the central-north part of China, has rapidly emerged as a key player in the country's burgeoning wine industry. With its unique climate, diverse grape varieties, and strong governmental support, Ningxia is making significant strides in producing high-quality wines that resonate on both domestic and international stages.

Wine Production History

⁴ Established in 1978, Greatwall is China's pre-eminent winery, owned by state-owned COFCO Group, with substantial vineyard holdings in 4 provinces of China, including Hebei, Shandong, Ningxia and Xinjiang.

Ningxia's journey in the world of wine production is a testament to determination and innovation. Despite being the smallest wine-growing region in central-north China, it has successfully positioned itself as a hub for qualitative wine production. Its foray into the wine industry gained momentum through strategic investments, cultivation advancements, and collaborations with international players, setting a trajectory for sustained growth and recognition (Chris, 2020).

Climate and Landscape

The area's climate and geographical features play a fundamental role in shaping the distinctive character of its wines. The region benefits from ample sunlight, a notable diurnal temperature variation, and the protective barrier of the Helan mountains to the north, shielding it from harsh Siberian winds. The presence of the Yellow River further augments the region's suitability for grape cultivation, ensuring adequate irrigation for the vineyards. The region's dry, desert-like landscape necessitates meticulous efforts, including the burial of vines during windy winters, yet the provincial-level Wine Bureau has orchestrated the development of Ningxia into a notable wine region (Noelle Mateer, 2018). However, its winters pose a challenge, demanding meticulous efforts from grape farmers to protect the vines from the frigid temperatures through burial. Making good wine in there is feasible, but difficult: it is dry, and much of it is desert. The nearby Yellow River makes irrigation possible, but winters here are so windy that each winery hires hundreds of temp workers each fall to bury their vines underground, and dig them up again every spring" says Wang Fang, the owner of *Crazy Fang* winery (Noelle Mateer, 2018).

Grape Varieties

Ningxia boasts a wide spectrum of grape varieties, contributing to the complexity and richness of its wines. The primary grape varieties include Cabernet Sauvignon, Merlot, Cabernet Gernischt, Chardonnay, Italian Riesling, and Riesling, among others. All these varieties, meticulously cultivated across the region's vineyards, form the foundation for the distinctive expressions of Ningxia's wines (Vicky, 2020).

Leading Brands and Investments

Noteworthy international conglomerates, such as Moët Hennessy–Louis Vuitton, and local Chinese vineyards like Helan Qingxue, have recognized the immense potential of Ningxia's wine industry (Noelle Mateer, 2018). Their investments and active participation have propelled its wines

onto the global stage, showcasing sophistication and elegance. The region continues to garner attention and investments, bolstering its position as a prominent player in China's wine landscape.

In conclusion, Ningxia's rapid ascent in China's wine industry is a testament to its favorable climate, diverse grape varieties, and strategic investments. As the region continues to refine its viticultural practices and collaborate with international entities, it is well-poised to further elevate its status, contributing significantly to the growth and innovation of the Chinese wine industry. Its wines success on the global stage underscores the tremendous efforts by the government to promote and develop the wine industry, aiming to make Ningxia a leading wine region within China and beyond (Noelle Mateer, 2018).

Shanxi: An Ancient and Flourishing Wine Region

Wine Production History

Shanxi, an ancient region in China, has held a longstanding reputation for its wine production. The art of winemaking has been an integral part of region's culture since ancient times. With its characteristic plateaus and loess-rich soil offering excellent drainage properties, the area naturally lends itself to producing wines with a distinct flavor profile (Chris, 2020).

Climate and Landscape

Shanxi, situated in eastern China, is blessed with a continental climate shaped by the East Asian Monsoon. This meteorological influence introduces humid air from both the Pacific and Indian Oceans to the warmer land, resulting in summer rainfall. Its vineyards are carefully located at higher altitudes, maximizing sunlight exposure and minimizing excess moisture, a vital balance to prevent fungal vine diseases such as mildew. The soil, primarily deep sandy loam, aids in efficient drainage, encouraging the growth of robust root systems and ensuring vine health (*China Wine Regions Explained*, 2023).

Growing Grape Varieties

The territory stands out for its cultivation of various grape varieties, each contributing to the region's diverse wine offerings. The primary grape varieties include Chardonnay, Cabernet Sauvignon, Cabernet Franc, Merlot, Riesling, Chenin Blanc, among others. Particularly notable are the excellent expressions of Cabernet Sauvignon, which Shanxi has become celebrated for. The careful selection and cultivation of these grape varieties exemplify the region's dedication to producing high-quality wines (Chris, 2020).

The Most Famous Brands

At the forefront of Shanxi's wine scene is the internationally acclaimed Grace Vineyard, a winery that has significantly propelled the region's development. Grace Vineyard's success has paved the way for several smaller-scale vineyards, revealing their potential for promising futures. Among these, *Chateau Rongzi* stands as a leader, benefitting from the expertise of renowned Bordeaux winemaker Jean Claude Berrouet as an adviser (Du & Xue, 2016). Over the recent decades, wineries in this region have gained international recognition, attracting collaboration with esteemed wine consultants from Bordeaux. This collaboration has further elevated the region's prominence in the global wine sector.

In conclusion, Shanxi's rich historical legacy combined with its favorable climate, diverse grape varieties, and notable wineries present a compelling narrative of a region deeply rooted in winemaking traditions yet evolving to embrace contemporary global standards of excellence. As it continues to make strides in the wine industry, Shanxi promises to be an essential player in the ever-expanding world of wine.

Xinjiang: Where Ancient Tradition Meets Modern Viticulture

Wine Production History

Xinjiang, a vast and historically rich region in China, boasts a long and storied tradition of winemaking. The roots of winemaking in this area can be traced back through millennia, showcasing a deep historical connection with this noble craft. The region's ancient winemaking heritage has evolved over centuries, blending age-old practices with contemporary advancements to craft distinctive and exceptional wines (Jiang et al., 2009).

Climate and Landscape

Situated in the far west of China, Xinjiang is characterized by its continental climate, marked by extremes of temperature. The region experiences scorching hot summers and bitterly cold winters. However, these harsh climatic conditions are balanced by ample sunlight, critical for grape ripening. The geography of the area is diverse, offering a variety of landscapes from rugged mountains to expansive plains. The vineyards are strategically located to harness the unique advantages of these diverse landscapes, contributing to the quality and flavor profile of Xinjiang wines (R. Li et al., 2021).

Growing Grape Varieties

Its viticulture is enriched by the cultivation of a diverse range of grape varieties. Some of the primary grape varieties cultivated include Cabernet Sauvignon, Merlot, Syrah, Chardonnay, Riesling, and more. Each variety brings its distinctive characteristics to the wine, allowing Xinjiang winemakers to produce a wide array of wine styles, from bold reds to crisp whites (Wu et al., 2021)

The Most Famous Brands

Xinjiang has rapidly gained recognition as a prominent wine-producing region in China. The area is home to several reputable wineries that have gained both national and international acclaim. Among the notable names is Tiansai Vineyards, known for its commitment to quality and sustainability. Tiansai Vineyards has emerged as a pioneer in the Xinjiang wine scene, showcasing the region's potential for producing world-class wines (*Tiansai Vineyards, China*, n.d.). Additionally, Changyu Moser XV, a collaboration between China's oldest and Austria's iconic winery, has made significant strides in crafting exceptional wines that epitomize Xinjiang's terroir (*Lenz Moser and His Chinese Dream*, 2020).

In summary, this territory's rich winemaking legacy, coupled with its challenging yet unique climate and diverse grape cultivation, paints a vibrant picture of a region that bridges ancient traditions with modern viticulture. As the Xinjiang wine industry continues to evolve and make waves in the global market, it exemplifies the resilience and adaptability of this ancient craft, promising a future filled with extraordinary vintages and ever-growing recognition on the world stage.

Emerging Chinese Wine Regions

In addition to well-established wine regions, such as Shandong, Ningxia, Hebei, and Shanxi, China is witnessing the emergence of promising wine regions like Yunnan, Gansu, and Dongbei (Northeast China). The first one, located in the southwest, stands out for its diverse geography and mild climate, ideal for cultivating an array of grape varieties, particularly known for aromatic white wines. The second one, situated in north-central China, showcases a continental climate with varying elevations, making it conducive to both red and white wine production. The third one, comprising northeastern provinces, is relatively new to the wine scene but holds promise, especially with cold-hardy grape varieties, demonstrating the evolving and expanding landscape

of China's wine industry. These regions add to the growing diversity and potential of China's viticulture and wine production.

5.2 Organic wine growing

Organic wineries in China have been garnering significant attention and traction in recent years, aligning with the global trend towards sustainable and organic practices in the wine industry. The demand for organic wines is on the rise, propelled by a growing segment of consumers in China who prioritize healthier and environmentally friendly products. This shift towards organic winemaking is not only due to health consciousness but also reflects a broader awareness of sustainable agricultural practices and a desire to reduce the ecological footprint associated with wine production. In China, organic wineries adhere to specific principles that differentiate them from conventional wineries. These principles often involve eschewing synthetic pesticides, herbicides, and fertilizers. Instead, they opt for natural alternatives and follow traditional or organic farming techniques that nurture the soil and maintain its health over the long term. One of the fundamental aspects of organic winemaking is the emphasis on soil health: organic wineries prioritize maintaining a balanced and biodiverse ecosystem in the vineyard. This entails practices such as composting, cover cropping, and the use of natural fertilizers to enhance soil fertility. By doing so, organic winemakers believe they can produce grapes with a unique terroir expression, translating into distinct flavors and characteristics in the resulting wines. Additionally, organic wineries often incorporate practices that reduce their energy consumption and overall environmental impact. This might include utilizing renewable energy sources, optimizing water usage, and employing eco-friendly packaging options. Such initiatives resonate well with environmentally conscious consumers and contribute to the overall appeal of organic wines.

Government support and certification are crucial for the growth of the organic wine sector in China. The Chinese government has been taking steps to promote sustainable agriculture and organic farming. Certifying bodies ensure that wineries comply with specific organic standards, providing consumers with confidence in the authenticity of the product.

Some regions in China have become focal points for organic winemaking. For instance, the Ningxia region, known for its emerging wine industry, has witnessed a rise in organic wineries. These wineries benefit from the region's favorable climate and terroir, which are conducive to organic grape cultivation.

In conclusion, the surge of interest in organic wineries in China is indicative of a broader shift towards sustainable and eco-friendly practices within the wine industry. Consumers are not only looking for high-quality wines but are increasingly considering the environmental and health aspects of their choices. As the organic wine sector continues to flourish, it is poised to play a fundamental role in shaping the future of winemaking in China.

Chapter VI

Consumption and Wine Market in Modern China

6.1 Alcohol in the Life of Chinese People

Since ancient times alcohol was a fundamental factor for Chinese people. In the earliest eras of Chinese history, alcohol was considered a luxury drink, that applied only to the most prestigious members of society (Shabellova, 2020). For hundreds of years the taste of this community has been firmly set by national liquors, namely Baijiu. Baijiu (白酒) is Chinese liquor (in fact a clear strong alcoholic drink), one of the oldest distilled liquors in the world, and is the world's largest consumed spirit (over 4 billion litres annually) (Jin et al., 2017). But Baijiu drinking culture is far from international wine drinking habits. It is still popular in China, and it is often considered a social drink, playing a large role in most Chinese business deals. A willingness to drink it demonstrates a high alcohol tolerance and a strong constitution. Many Chinese nationals will take this as a sign that foreign partner is prepared to sacrifice western ideals and do what is necessary to respect the customs of his host. Drinking Baijiu requires special pairing with the food, and Chinese cuisine is perfectly matching it: the strength and potency of the liquor can be intolerable when consumed in isolation as a straight shot. Combining Baijiu with food softens the strength of the alcohol and allows an unaccustomed stomach to digest it better (Shabellova, 2020).

In China popularization of European-style drinking habits faces a serious obstacle. It is the Ganbei (干杯) drinking culture, which prevents getting pleasure from drinking wine. Literally, Ganbei means “dry cup”, or to drink a toast, in Mandarin Chinese. It is the Chinese equivalent of the English “cheers”, but with slightly different implications. This is a behaviour often seen when Chinese people have meals for social and business purposes. On such occasions, one person toasting to another, drinking up whatever he has, and then persuading that person to finish his drink as well. Then the person who accepts the toast will try his best to drink up, though he might already feel drunk. This is because of the culture behind Ganbei: the more alcohol you drink, the more respect you show to the other person, no matter if you are toasting or being toasted. This is a custom deeply rooted in Chinese culture. In other words, when they drink alcoholic beverages are used to finishing it in one sip. This behaviour pattern is diametrically opposite contemporary global wine drinking culture. Drinking a glass of wine requires time and patience: it is a process.

Unfortunately, Chinese people can make a culture-centric error when they drink grape table wine, keeping the same principle when they drink Baijiu. Additionally, western wine can be difficult to pair with Chinese cuisine, to which the Chinese are so addicted (Shabellova, 2020).

The national Chinese drink is tea; the national liquor is Baijiu. Hot water (开水 kaishui) and beer are also widely consumed in China. The temperature of a drink is another a problem: even when they drink water and beer, these beverages are warm. European-style grape table wine usually should not be warm, especially white and sparkling wines. The statistics about the most popular alcoholic beverages in China will be shown and analysed. Baijiu drinking culture with Ganbei toasting and Chinese drinking habits, that are so far from the western, are the most serious barriers of the integration of European-style table wine into Chinese life (Shabellova, 2020).

6.2 Historical development of the Chinese wine market

The Chinese wine market, rooted in ancient traditions, has undergone a transformative journey mirroring the nation's evolution into a burgeoning player in the global wine landscape. Wine's association with Chinese culture spans millennia, with grape wine production dating back to around 7000-6600 BC in the Xinjiang region (Jiang et al., 2009). Wine held symbolic significance, deeply embedded in religious rituals, feasts, and societal status.

The dynastic eras significantly influenced wine consumption. During the Tang Dynasty, wine culture thrived, with grape cultivation and winemaking reaching new heights. Yet, the Ming and Qing Dynasties witnessed a decline due to Confucian influence and strict alcohol policies. The late 19th century saw a resurgence, marked by the importation of European wines during the Qing Dynasty, opening the doors to western wine influences (Weiyang, 1993). The modern era of the Chinese wine market took root in the late 20th century during economic reforms initiated by Deng Xiaoping. These reforms fostered openness to the world, exposing the country to international cultures, including wine. The early 21st century witnessed a surge in wine consumption, propelled by a burgeoning middle class, rising incomes, and a desire for a cosmopolitan lifestyle. Wine became synonymous with sophistication and luxury (Chevalier & Lu, 2010).

The Chinese government recognized the potential of the wine industry and implemented measures to support its growth (Lockshin et al., 2017). This included promoting grape cultivation, reducing import tariffs, and establishing research institutions. Consequently, the market witnessed a surge in domestic wineries producing higher quality wines and gaining global recognition.

In summary, the Chinese wine market's historical journey has been marked by phases of prosperity, decline, and resurgence. From ancient rituals to a modern-day booming market, the evolution underscores the dynamic nature of China's wine industry, signifying a promising trajectory for the future.

6.3 Factors Influence Wine Consumption in China

Chinese wine consumer patterns are shaped by a confluence of diverse factors, reflecting a blend of traditional cultural influences, socio-economic changes, evolving demographics, and globalization. Understanding these factors is crucial for market stakeholders to tailor their strategies effectively. Here are the key factors that influence Chinese wine consumer patterns:

Factor 1: Cultural Significance and Symbolism

Wine's cultural significance in China dates back thousands of years, deeply ingrained in traditions, ceremonies, and everyday life. This beverage, often associated with festivities, has symbolic meanings representing good fortune, prosperity, and harmony. The cultural symbolism of wine stems from ancient practices, where it was offered to deities and ancestors, believed to strengthen familial bonds and create auspicious beginnings.

Case Study: Baijiu and Cultural Relevance

Baijiu (白酒), a traditional Chinese liquor, exemplifies the cultural and symbolic essence of alcoholic beverages in China. It's deeply integrated into various ceremonies, from weddings to business banquets. It is not just a drink; it's a representation of social connections and cultural heritage. The importance of Baijiu showcases how deeply ingrained traditional beverages are in Chinese culture (*Baijiu, the World's Most Popular Spirit You May Never Have Heard Of | Wine Enthusiast Magazine*, 2018).

It should be said that in recent years, there has been a notable shift in alcohol preferences among the Chinese population, with an increasing number of individuals opting for wine over traditional Baijiu. One of the key contributing factors to this change in the wine is the relatively lower alcohol content in wine compared to Baijiu. Baijiu typically contains a significantly higher alcohol level, bottled at 40-50% abv. As health consciousness rises and a more diverse range of alcoholic beverages becomes available, a growing segment of the population is gravitating towards wine, appreciating its milder alcohol concentration. This beverage, often seen as a more approachable and versatile beverage, is also appealing due to its variety of flavors, styles, and the

ability to pair well with different cuisines, aligning with evolving preferences and a globalized lifestyle. This shift mirrors the changing dynamics in China's drinking culture, showcasing a broader acceptance and appreciation for international alcoholic alternatives.

Factor 2: Rising Middle Class and Disposable Income

China's economic growth over the past few decades has propelled millions into the middle class, resulting in increased disposable income and altered spending patterns. The rising middle class is more inclined to embrace a lifestyle reflecting sophistication and global integration. Wine, along with coffee (michalkwasniewski.com, 2022), being a symbol of status and refinement, has become increasingly appealing to this demographic.

Case Study: Bordeaux Wine in China

Bordeaux wine has gained significant traction among China's rising middle class due to its historical association with luxury and prestige (Masset et al., 2016). The rising affluence and the desire for a sophisticated lifestyle have driven Bordeaux wine consumption. The region's reputation for producing high-quality wines has attracted the growing middle class, portraying how economic factors significantly influence wine preferences.

Case Study: Beijing Jianguo Hotel - Pioneering Wine Culture in 1980s China

Inaugurated in 1982, the Beijing Jianguo Hotel marked a significant milestone by introducing a touch of international opulence to weary business travelers, primarily from Hong Kong and various corners of the globe. It stood as a pioneering venture, being the first partially foreign-invested luxury hotel on the Chinese mainland. A night's stay at this lavish establishment ranged between 90 and 120 US dollars, a figure surpassing more than half of the average annual income of a Chinese worker during that era. To infuse an air of old-world luxury, the hotel's wine list was curated with exquisite selections by Hong Kong-based wine trader, Thomas Yip. These selections comprised expensive bottles sourced from some of Europe's most esteemed châteaux.

In the early 1980s, wine was relatively unfamiliar to the average Chinese citizen. During banquets, business executives and government officials often consumed entire glasses of high-priced French wines in a single gulp, akin to their accustomed consumption of traditional sorghum liquor. Despite this, wine consumption, particularly French wines, swiftly gained prominence as a symbol of elevated social status. This shift was significantly influenced by individuals such as Thomas Yip and the impact of Hong Kong cinema, where affluent characters like investors and CEOs were frequently depicted indulging in '82 Lafite. Although consumers of that era might not

have been able to pinpoint Bordeaux on a map, they deeply understood its representation: affluence, prestige, and a refined palate. The Beijing Jianguo Hotel served as a vanguard in shaping China's evolving wine culture during a period when such luxuries were just beginning to find a place within Chinese society.

Factor 3: Western Influence and Globalization

Exposure to western lifestyles, including wine consumption, through travel, media, and international interactions, has significantly impacted Chinese consumer preferences. Western wine culture has influenced the perception and adoption of wine in the country. The burgeoning influence of western culture and the force of globalization have undeniably molded the tastes and preferences of young Chinese consumers, significantly impacting their approach to wine consumption. The embrace of a more international perspective, particularly among the younger demographic, is a key driving force behind this paradigm shift.

Case Study: Lily Chen and Dong Yifei

Younger generations in China, in particular, exhibit a remarkable level of international exposure, often pursuing education experiences abroad in countries like Australia, New Zealand, or the United States. Lily Chen, a 23-year-old, is a vivid example of this trend. Having spent two years in Australia, she developed a preference for new-world wines. After becoming accustomed to affordable Australian wines during her stay, Lily humorously mentioned feeling "unused to" higher-end French wine brands (Xiao Kunbing, 2023). These experiences abroad profoundly shape their preferences upon returning to China. Many young consumers like Lily frequently source their wines from retailers who have recently returned from overseas. Dong Yifei, a 41-year-old millennial residing in Chengdu, offers an insightful illustration of this trend. During his yearlong stay in Chile, he developed a fondness for affordable yet high-quality Chilean wines. Upon his return to Chengdu, he established a wine store specializing in Chilean vineyard imports, emphasizing reasonable pricing. Dong's strategic approach has successfully garnered a dedicated consumer base, particularly among early career professionals. The affordability factor is a strong appeal, with his best-selling bottle priced at just 50 yuan (7 USD) (Xiao Kunbing, 2023), that is equal to a meal for 2 people in inexpensive restaurant (McDonalds or BurgerKing combo meal), or 2 milk coffee cups or 17 one way tickets for public transport in Shanghai. This case study showcases how the allure of western experiences and the impacts of globalization are instrumental in shaping the wine consumption landscape in China. It underscores the evolving preferences of

young Chinese consumers, highlighting their inclination towards more accessible, international wine options in a market that is increasingly being defined by a global perspective.

Factor 4: Youthful Demographics and Urbanization

Chinese wine consumer patterns are profoundly influenced by a confluence of multifaceted factors, and prominent among them is the interplay between the youthful demographics and rapid urbanization. With a burgeoning young population increasingly residing in urban centers, there's a discernible shift in consumption preferences, especially toward alcoholic beverages like wine (García-Cortijo et al., 2019). According to data from the National Bureau of Statistics of China, as of 2020, over 60% of China's population resides in urban areas, a number that continues to rise. Urbanization often brings exposure to diverse cultures, international cuisines, and a more cosmopolitan lifestyle. This exposure, combined with the aspirational outlook of the younger generation, has fueled a growing interest in wine, perceived as a sophisticated and globalized beverage. As young adults seek to explore and adopt a modern lifestyle, wine becomes a choice beverage due to its association with socializing, celebrations, and a sense of sophistication.

Case Study: Alibaba's Data Insights on Young Urban Consumers

Alibaba, a leading e-commerce platform in China, provides insightful data into the consumption patterns of young urban consumers. Their analysis revealed a significant surge in wine sales among urban millennials and Generation Z. These tech-savvy generations, residing in bustling cities, are showing a notable inclination towards wine as a beverage of choice. The data further emphasized that the younger demographic increasingly values quality and variety, showcasing a discerning palate. This shift underlines the impact of urbanization, exposure to international trends, and the rising preference for wine among the youth as they integrate this beverage into their evolving lifestyles (*IWSC Market Insight, 2021*).

Factor 5: Health Consciousness and Perceived Health Benefits

Chinese wine consumer patterns are undeniably influenced by different and intricate factors, with health consciousness and perceived health benefits standing as significant determinants. In recent years, there has been a perceptible shift towards healthier lifestyle choices among the Chinese population. According to a report by Euromonitor International, health and wellness trends are gaining traction in China, particularly among middle class and urban

consumers. Wine, especially the red one, has garnered attention for its perceived health benefits due to the presence of antioxidants, particularly resveratrol, which is believed to promote heart health and longevity (Z. Wang et al., 2005). The rise of health-conscious consumers has propelled the image of wine as a healthier alternative to traditional spirits. Additionally, traditional Chinese medicine's principle of balance and moderation aligns with the moderate consumption of wine, further enhancing its appeal (Liu & Murphy, 2007).

Case Study: The 'French Paradox' and Red Wine Consumption

The 'French Paradox' is a well-known case study that links red wine consumption to potential health benefits, particularly in reducing the risk of coronary heart disease. Despite a diet rich in fats, the French population exhibited lower instances of heart disease, which was initially attributed to the moderate consumption of red wine. This concept gained traction globally and particularly in China, where the consumption of red wine surged as consumers perceived it to be a healthful choice. The 'French Paradox' case study showcases how perceived health benefits can significantly influence wine consumption patterns, emphasizing the vital role of health consciousness in shaping consumer choices.

Factor 6: Gifting Culture and Business Relations

Gifting holds immense cultural importance in Chinese society, often symbolizing goodwill, respect, and relationship-building. As per a study by Steidlmeier, the tradition of gift-giving plays a fundamental role in Chinese business interactions and is deeply ingrained in the corporate culture (Steidlmeier, 1999). Fine wines are a prevalent choice for gifts, representing prestige and sophistication. During business negotiations or celebrations, presenting high-quality wine reflects positively on the giver, highlighting their discernment and investment in the relationship. Additionally, the Chinese New Year and other festivities necessitate meaningful gifts as a way of fostering stronger connections. This tradition has led to a surge in wine sales during such occasions, emphasizing the symbiotic relationship between gifting culture, business relations, and wine consumption.

Case Study: Wine Gifting during Chinese New Year

During this celebration, gifting is a deeply rooted tradition, signifying good wishes and strengthening bonds. Wine, particularly high-end and well-packaged bottles, is a favored choice for gifting during this season. The case of Dynasty Fine Wines Group, a prominent wine producer in China, demonstrates this trend. During the Chinese New Year, Dynasty Fine Wines Group

reported a significant increase in sales, attributing it to the high demand for wines for gifting purposes. This case exemplifies how the tradition of gifting, deeply embedded in Chinese culture, bolsters the wine market, with consumers valuing premium, beautifully packaged wines as meaningful gifts for business partners, colleagues, and loved ones.

Factor 7: E-Commerce and Online Retailing

With the advent of digitalization and the widespread availability of smartphones, e-commerce has witnessed a meteoric rise in China. According to Statista, China's e-commerce market is one of the largest globally, with a significant portion of the population engaging in online shopping. This trend extends to the wine sector, where consumers are now more inclined to purchase the beverage online due to convenience, extensive choices, and often lower prices. Online platforms provide detailed product information, customer reviews, and personalized recommendations, enhancing the overall shopping experience. Moreover, the rise of e-commerce has facilitated the direct-to-consumer model for wineries, allowing them to reach a broader customer base and establish a brand presence beyond geographical constraints.

Case Study: JD.com's Impact on Wine Sales

JD.com, one of China's leading e-commerce platforms, has been a pivotal player in shaping wine consumer patterns. Through its robust online retailing infrastructure, the platform has significantly impacted the wine market. According to a report by JD.com (Liang, 2022), wine sales on their platform saw a substantial increase, particularly during promotional events and festivals. Their data showcased a growing preference for imported wines, reflecting evolving consumer tastes. The convenience, attractive deals, and reliable delivery services offered by JD.com have made it a go-to platform for many Chinese consumers seeking to purchase wines. This case underscores the transformative influence of e-commerce and online retailing in steering consumer behavior and choices within the Chinese wine market (Mercer, 2016). Chinese New Year, a prime consumer season, offers a glimpse into changing trends. The platform report revealed that baijiu is the top choice for gift boxes to seniors from younger generations (20-40 years old), reflecting its cultural significance. The report also noted a rise in Ningxia wine's popularity, showcasing the growing appeal of domestic wines. Sales during Chinese New Year saw a 9-fold increase for Chinese wines and a significant surge in premium wine sales by 423% year over year (YoY). Moreover, there's a noticeable shift towards health-conscious options like low/no alcohol liquor, growing by 11% YoY, and rising demand for premixed drinks and fruit wine, indicating evolving

consumer tastes. These trends are magnified during major shopping festivals like Double 11 (Liang, 2022).

In our comprehensive study, we meticulously analyzed and elucidated seven fundamental factors that significantly shape the behavior of Chinese wine consumers. These factors, including economic growth, cultural symbolism, health consciousness, gifting culture, urbanization, e-commerce, and globalization, have emerged as dominant influencers in the dynamic Chinese wine market. However, it's crucial to acknowledge that the interplay of consumer behavior is a multifaceted and intricate process. Beyond the highlighted factors, numerous others hold sway over the preferences and decisions of Chinese wine consumers. In the following part, we briefly list the factors playing an important role in forming wine consumer habits of Chinese people.

Wine education initiatives and wine tourism experiences have notably heightened consumer awareness and knowledge of diverse wines and their origins. This exposure, in turn, has refined consumer preferences and cultivated a more discerning approach to wine selection. Moreover, government policies concerning imports, trade agreements, and tariffs exert a substantial impact on the availability, variety, and cost-effectiveness of wines in the Chinese market, thereby guiding consumer decisions. The rich tapestry of China's culinary landscape, characterized by a diverse array of regional cuisines, significantly influences the choice of wines, with an increasing trend of consumers understanding and appreciating the nuances of food and wine pairing. Lastly, the realm of marketing and branding holds immense sway, shaping consumer preferences through effective marketing strategies, strong brand identities, and engaging promotional activities. In this digital age, influencer marketing and digital platforms have emerged as powerful tools, further influencing consumer perceptions and choices in the wine market.

6.4 Data Overview: Market Size, Value, and Growth Trends

In recent decades, China has undergone a remarkable transformation in its relationship with wine, transcending its traditional consumption patterns. The Chinese population's burgeoning interest in this beverage has shifted it from a relatively unknown entity to a thriving market and a significant player in the global wine industry. This paradigm shift can be attributed to a confluence of factors, including rapid economic development, globalization, changing lifestyle preferences, and an emerging middle class with a taste for luxury and sophistication. As the Chinese palate diversifies and embraces the nuances of wine, this chapter endeavors to explore the dynamics of

wine consumption in modern China. We aim to analyze the factors driving this evolution, understand the preferences of Chinese wine consumers, delve into the impact of cultural elements, and highlight the role of marketing strategies. Through this exploration, we seek to offer a comprehensive view of the contemporary wine landscape in China.

The size and value of the Chinese wine market have seen an impressive surge. According to data from the China National Food Industry Association (中国食品工业协会, CNFIA), the market size surpassed 20 billion USD in 2020, highlighting the rapid growth. This market size includes various types of wines, with red wine being the dominant choice among Chinese consumers. One of the driving factors behind this substantial growth is the rise of the middle class in the country. The expanding middle class, with increased disposable incomes and exposure to global trends, has shown a growing affinity for wine consumption. Furthermore, a shift towards a more health-conscious lifestyle has prompted many consumers to choose wine over traditional alcoholic beverages (Yang et al., 2022).

China has been one of the fastest-growing wine markets in recent years and moreover, it has great potential for continued growth (Mizik & Balogh, 2022). The following paragraph will focus on providing an overview of data related to wine consumption in the country. We will present information regarding the volume of wine consumed in there, analyze the per capita wine consumption, and highlight the regions where wine consumption is particularly prominent.

Concern about products being modified or processed is an overarching theme amongst Asian consumers, and it is a reason China stands out as one of the strongest potential markets for most alternative wines. Chinese wine consumers tend to embody characteristics of affluence, modernity, and a keen interest in opting for food and beverage choices that contribute positively to their health and overall well-being. In the year 2022, China secured the top position in the Global Opportunity Index⁵ concerning alternative wines, specifically organic wines, and claimed the second spot for sustainably-produced and natural wines. This trend has continued into 2023, with China maintaining its premier position across all three wine categories. The market data unequivocally mirrors this trend: the organic wine market in China, for instance, exhibited a substantial growth of +8% volume CAGR⁶ during the period of 2017-2022 (Aswani, 2023).

⁵ Global Opportunity Index: This is an index that assesses and ranks opportunities in various markets, industries, or sectors. In this case, it focuses on the wine industry, specifically alternative wines.

⁶ The compound annual growth rate (CAGR) measures an investment's annual growth rate over a period of time.

6.4.1 How much wine is drunk in China?

As of 2022, the global landscape of wine consumption reveals intriguing trends and notable shifts in preferences among various countries. The figure 6 shows the data presented by the International Organisation of Vine and Wine (OIV) (Roca, 2022). The United States stands prominently as the leading consumer of wine, surpassing other nations with a consumption volume of 34 million hectoliters (mhl). This substantial consumption can be attributed to a growing culture of wine appreciation and a diverse range of palates across the American population. Similarly, European nations such as France, Italy, Germany, and Spain maintain their strong position as significant consumers of wine, showcasing the deeply ingrained wine culture within the European continent. China, while ranking lower in the list of top wine-consuming countries in 2022 (Figure 6), is an area of particular interest and potential growth within the global wine market. With a consumption volume of 8.8 million hectoliters, China has demonstrated a notable increase in wine consumption over the years. This growth is propelled by a burgeoning middle class, increasing exposure to international lifestyles, and a gradual shift towards embracing wine as a part of social interactions and celebrations. Moreover, China's evolving taste preferences, especially among the younger demographic, have been steering the demand toward different varieties of wine, both domestic and imported, making it a fascinating market for producers and distributors to monitor and engage with. For China, understanding and analyzing these consumption patterns are critical for both domestic and international wine producers. Tailoring marketing strategies, improving product accessibility, and enhancing wine education will be pivotal in capitalizing on this growing trend and further fueling the evolution of wine consumption in the Chinese market.

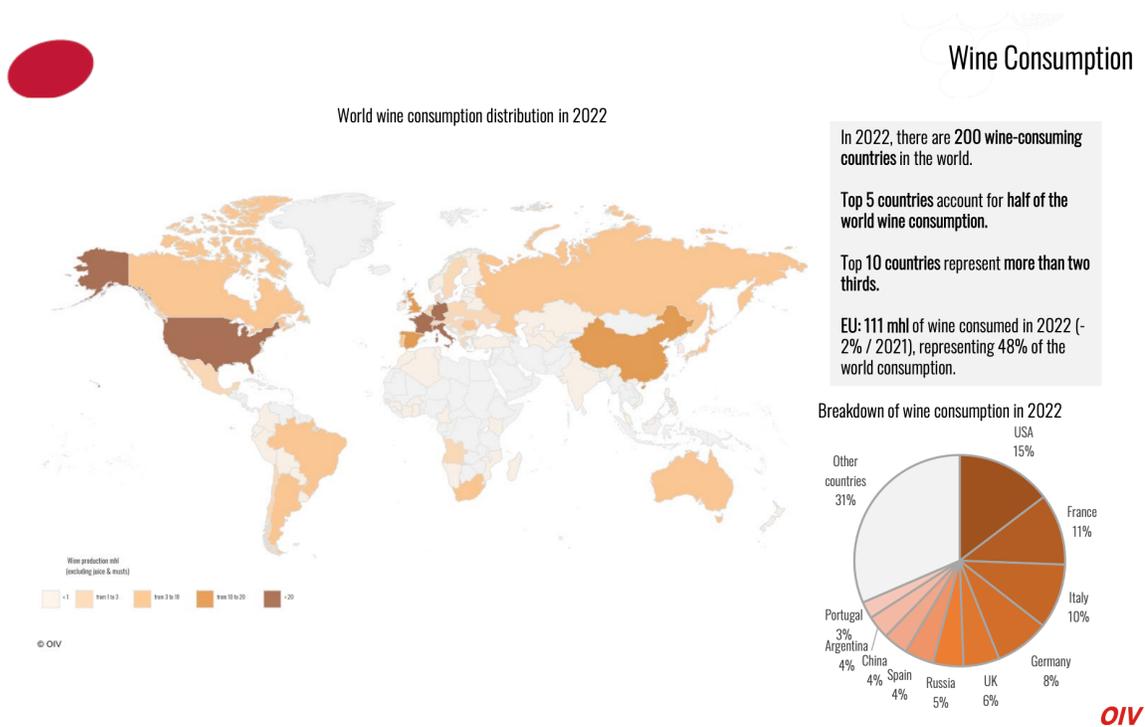


Figure 6: World wine consumption distribution in 2022 (Roca, 2022)

If we analyze the dynamics of wine consumption in China in recent years, a sharp decline of more than two times in the overall volume has been observed since 2017 (Figure 7). In 2022, China consumed 8.8 million hectoliters (mhl) of wine, reflecting a significant 16% decrease compared to the previous year (*The Spike in Wine Prices Hit Consumption, Boosting Export Values to the Highest Levels* | OIV, n.d.). This decline is noteworthy and contrasts with the general trend of increasing wine consumption observed in many other countries. Despite its reduction in consumption, the country under study remains among the top wine-consuming nations globally, underscoring its importance in the global wine market. The decline in wine consumption could be attributed to various factors, including evolving consumer preferences, economic fluctuations, changes in alcohol policies, or other sociocultural influences impacting the Chinese market.

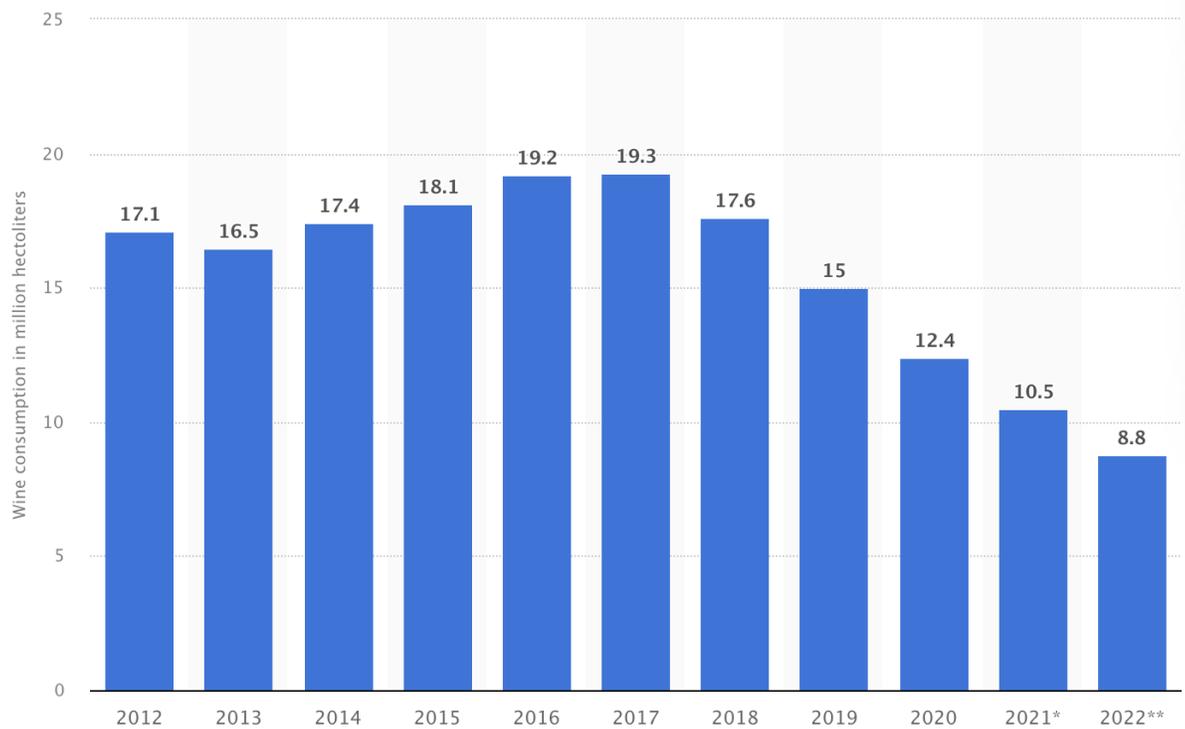


Figure 7: Wine consumption volume in China from 2012 to 2022 (in million hectoliters)

<https://www.statista.com/statistics/425098/china-wine-consumption/> (Yihan Ma & , 2023)

6.4.2 Wine consumption in China per capita

In 2022, analyzing wine consumption per capita (Figure 8) among the top consuming countries sheds light on intriguing consumption patterns. Portugal emerges as a standout nation in terms of per capita consumption, with individuals consuming approximately 67.5 liters of wine per year. This can be attributed to the deeply ingrained wine culture in Portugal, where wine is an integral part of daily meals and social gatherings. Similarly, France and Italy exhibit significant per capita wine consumption, with 47.4 and 44.4 liters respectively. The French have a strong wine heritage, incorporating it into their culinary traditions, and Italy's wine culture is deeply embedded in its rich history and diverse cuisine. On the other hand, China, despite being one of the top wine-consuming countries in terms of overall volume, demonstrates a relatively low per capita consumption of 0.8 liters. This indicates a notable disparity between the overall consumption volume and individual consumption, highlighting the vast population of China. While wine

consumption is increasing in the country, it is not yet a staple in the average Chinese consumer's routine. Factors such as evolving preferences, cultural differences, and historically ingrained beverage choices like Baijiu and green tea contribute to this lower per capita consumption.

In terms of wine consumption per person, China does not rank within the top 10 drinking countries based on the provided data (Mercer, 2023). The figures presented are reflective of the total volume of wine consumed by each country. While China's total wine consumption is significant when divided by its large population, the per capita consumption may be comparatively lower than some other nations with smaller populations but higher per capita wine consumption rates.

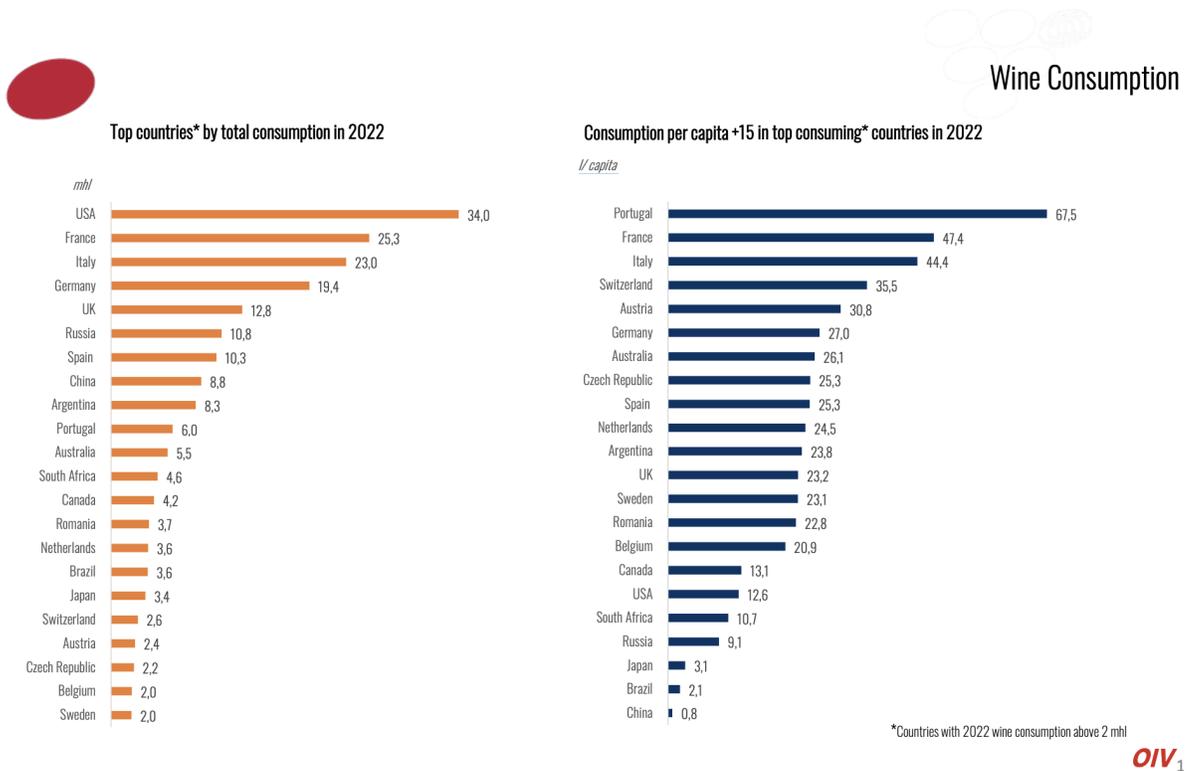


Figure 8: Main wine-consuming countries in 2022 (Roca, 2022)

Understanding these disparities in per capita consumption provides valuable insights for wine producers and marketers. It emphasizes the need for tailored marketing strategies in China, focusing on increasing consumer awareness, and education, and fostering a cultural shift towards embracing wine as a more regular part of adult consumption.

6.4.3 Wine consumption geography

The majority of wine consumers in China are concentrated in the highly developed and densely populated "first tier" cities such as Shanghai, Beijing, Guangzhou, Shenzhen, Chongqing, and Chengdu. These cities are hubs for the country's 52 million wine drinkers, with a significant proportion falling within the age range of 20 to 34, driving the consumption of alcoholic beverages, as reported by CADA (China Alcoholic Drinks Association). Among these cities, Guangdong province stands out with a notable concentration of wine consumers, specifically around one-third of China's wine consumers residing in Guangdong (Figure 9). This province, boasting the highest GDP in the country and major cities like Shenzhen and Guangzhou, holds a pivotal position in China's wine market. Around 30% of the nation's overall wine import value is attributed to Guangdong, largely due to the high average disposable income of its residents and its proximity to Hong Kong. The Guangdong Alcoholic Drinks Association revealed that premium drinks priced at RMB 600 (93 US dollars) or more experienced a substantial surge in sales, amounting to RMB 19 billion (2.9 billion US dollars) in the previous year, signifying a 26.7% growth despite stringent lockdown measures affecting on-trade sales. Additionally, when it comes to bulk wine, Shandong province in eastern China emerges as a prominent market (*IWSC Market Insight, 2021*).

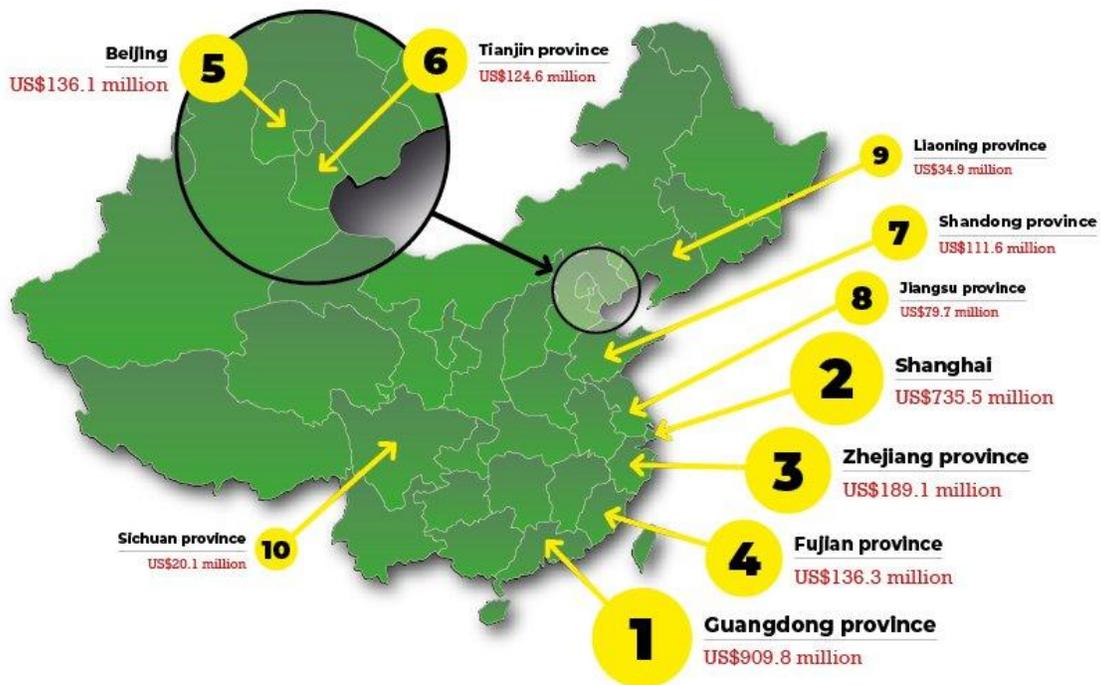


Figure 9: China's Top 10 Bottled wine Consuming Cities/provinces by value (*IWSC Market Insight, 2021*)

6.4.4 Natural wines consumption

Natural wines, characterized by minimal intervention during the winemaking process, are gaining traction in the rapidly evolving Chinese wine market. Consumers in China, particularly youngers and wine enthusiasts, are showing a growing interest in natural wines due to their perceived health benefits, unique flavors, and the emphasis on organic and sustainable production methods.

In major cities like Beijing, Shanghai, and Guangzhou, as well as in burgeoning wine regions like Ningxia and Shanxi, wine bars and specialized shops are increasingly offering a variety of natural wines (“Nimbility’s Nichole Mao on the Potential of the Natural Wine Market in China,” 2022). These establishments educate consumers about the unique qualities of natural wines, their production processes, and the diverse flavors they offer. Sommeliers and wine experts often play a crucial role in introducing and recommending natural wines to consumers.

Furthermore, the rise of e-commerce platforms has significantly contributed to the popularity of natural wines. Online retailers provide a convenient platform for consumers to explore and purchase natural wines from both domestic and international producers. This aligns with the broader trend of e-commerce growth in China, especially in the post COVID-19 era.

Key influencers, wine critics, and social media are also playing a vital role in promoting natural wines in China. They share knowledge about natural wine producers, tasting experiences, and food pairings, further stimulating interest and demand. Moreover, events such as wine fairs, exhibitions, and tasting sessions provide valuable platforms for consumers to discover and learn about natural wines (*China’s New Wave of Natural Wine | Wine-Searcher News & Features*, n.d.).

Imported natural wines, particularly from renowned wine regions in Europe, are highly sought after. However, Chinese winemakers are also embracing the concept of natural winemaking, contributing to the growth of the domestic natural wine scene. Local producers are experimenting with organic farming practices, indigenous grape varieties, and minimal intervention techniques to create their unique range of natural wines.

In terms of consumption occasions, natural wines are currently largely limited to specialist bars and restaurants and casual drinking between friends, which makes this a rather volatile category, and one that has been heavily disrupted by the pandemic over the past few years due to closures and lockdowns having a particularly hard impact on these smaller, niche types of businesses. This limited consumption opportunity adds one more layer of complexity for importers

who have opted to be “natural wine heavy” (“Nimbility’s Nichole Mao on the Potential of the Natural Wine Market in China,” 2022).

In conclusion, the consumption of natural wines in China is on the rise, driven by a combination of factors including health consciousness, sustainability preferences, evolving consumer tastes, and increased accessibility through various distribution channels. The trend towards natural wines is likely to continue its upward trajectory, shaping the preferences and choices of Chinese wine consumers in the foreseeable future.

6.5 Import vs Local Market in China

The Chinese wine market heavily relies on both imports and domestic production. Imported wines, especially from traditional wine-producing countries like France, Italy, Spain, and New World, like Australia and Chile, are highly sought after for their quality and brand reputation. These imports target to a significant segment of consumers, particularly in urban centers and among the middle and upper classes. Conversely, China has also seen a substantial growth in its domestic wine production. With advancements in viticulture and winemaking techniques, wineries in there are gaining international recognition for the quality of their wines. In fact, the growth in domestic production has led to an increase in wine exports, showcasing the nation's potential to be a significant player in the global wine market.

In 2022, wine imports to China stood at approximately 3.44 m hl, marking a decline from the previous year's 4.20 m hl, showing that the wine imports saw a 20.6% drop in volume (vinetur.com, 2023) (Figure 10). Simultaneously, the annual import value of wine witnessed a decrease of about 4.3%. Notably, China holds the top position globally in grape production and is the second-largest country in terms of vineyard area, following Spain. Within the same year, China's wine production reached approximately 4.20 m hl, heavily reliant on imports. The trend of wine consumption in China has shifted, moving from being reserved for special occasions or gifts to becoming a norm, particularly among the younger urban population since 2018. The preference among young Chinese consumers is notably towards purchasing imported wines online, with a strong inclination towards red French wines. Consequently, France stands as the primary wine supplier to China, trailed by Chile and Italy (*Volume of Wine Imports to China from 2012 to 2022*, 2023).

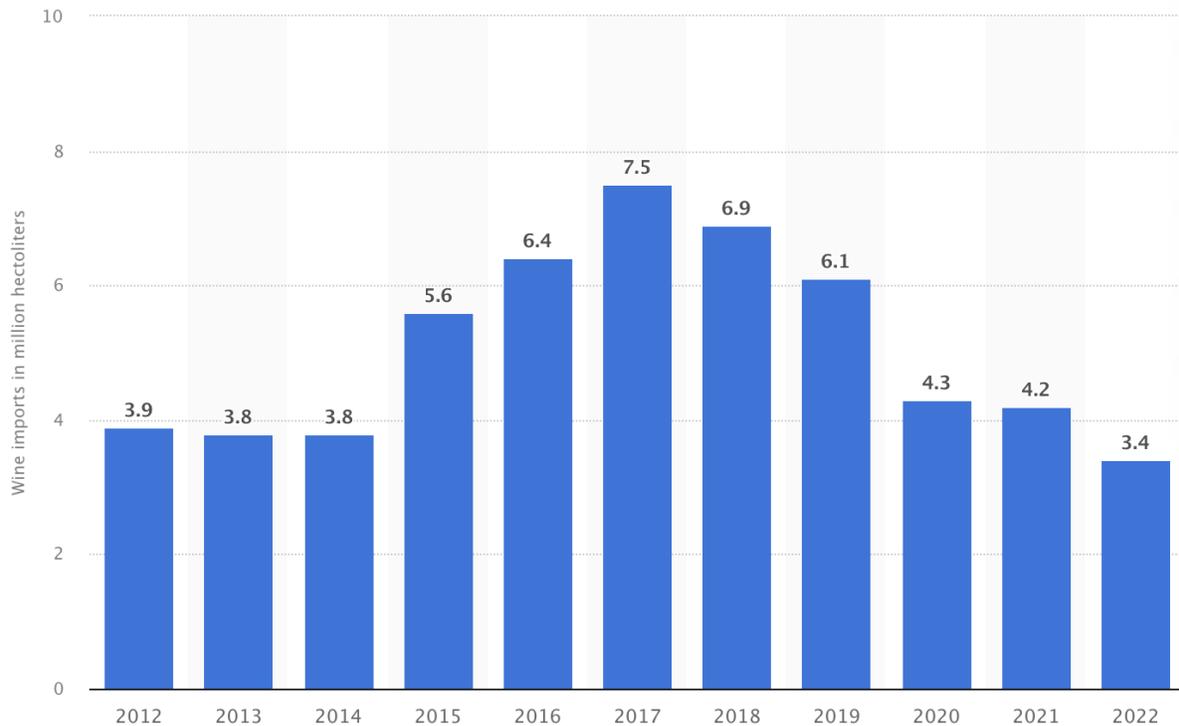


Figure 10: Volume of wine imports to China from 2012 to 2022 (in million hectoliters) (*Volume of Wine Imports to China from 2012 to 2022*, Statista, 2023)

In 2022, the Chinese wine market saw a notable decline in importation value, according to data from Chinese customs. Wine imports experienced an 11.1% reduction in value, amounting to 9,692.6 million yuan (1.432 billion US dollars), down 13.4% year-on-year (Markets, 2023). This marks the fifth consecutive year of diminishing imports after peaking in 2017 at 18.850 billion yuan with an impressive 751 million liters. The current figures starkly contrast with those achieved four years ago. Despite this, the average price of wine surged by 11.9% to 28.78 yuan per liter, the second-highest in records, just slightly below the rate in 2020. In USD terms at the prevailing exchange rate, China's wine imports for 2022 amounted to approximately 1.432 billion US dollars, with an average price of 4.25 US dollars per liter (vinetur.com, 2023).

During 2021, China emerged as the 6th largest global importer of wine, with imports totaling 1.66 billion US dollars. Wine also ranked as the 164th most imported product during that year. The major sources of this were primarily France (664 million US dollars), Chile (326 million US dollars), Italy (150 million US dollars), Spain (138 million US dollars), and Hong Kong (68.6 million US dollars) (*Wine in China* | OEC, 2023).

In March 2021, China imposed significant tariffs on all wine imports from Australia, that was its largest wine supplier. This blog delves into the economic repercussions on both the Australian and Chinese wine industries, providing insights into the historical context and what the future holds for this sector. The China-Australia Free Trade Agreement (ChAFTA), initiated in 2015, kicked off the phase-out of import tariffs on Australian wine, fostering a robust trade relationship between the two nations, particularly within the wine sector. From 2015 to 2020, trade flourished, and by 2019, China accounted for a substantial 40% of Australian wine exports, equating to nearly 1.1 billion US dollars evaluated, and an impressive 150 million liters of wine shipped to China. This surge in exports prompted adjustments by growers to better align with the Chinese market, such as transitioning white grape varieties to red and embracing costlier corks over screw-on caps. (*The Chinese Wine Tariff to Australia Is Affecting the Industry More Than You Know*, 2023)

WineNews analyzed the China Association for Imports and Exports of Wine & Spirits (CAWS) data, and Italy is in third place, at 10% market share. Shipments total 59.4 million US dollars in value, down 12%, 11.8 million liters of wine, and volumes down 11.6%, during the first five months in 2022 compared to the same period in 2021. Average prices, though, are stable, at 5.01 US dollars per liter (*China: Wine Imports Started Growing Again in May*, 2022). Within this intricate landscape, Italian wine import volumes, especially in the dominant category of still wine, as revealed by data from the Italian research institute Nomisma, are still lagging significantly at -32% below the peak witnessed in 2018. Similarly, French wine has witnessed a notable decline of -59%, while Chilean wine, benefiting from a previous free trade agreement, has seen a more moderate decrease of -10% in the Chinese market (saiolfi, 2022).

In conclusion, the Chinese wine market demonstrates a dual reliance on both imports and domestic production. The allure of imported wines, especially from esteemed wine-producing nations like France, Italy, Australia, and Spain, is underscored by their unparalleled quality and brand prestige. These imports resonate strongly with a substantial consumer base, particularly in urban hubs and among the middle and upper socioeconomic strata. Simultaneously, the country under study has witnessed a noteworthy surge in domestic wine production, bolstered by advancements in viticulture and winemaking techniques, resulting in global recognition for the quality of Chinese wines. This growth in domestic production has not only boosted wine exports but also showcased the nation's potential to significantly influence the global wine market.

Analyzing import statistics, it is evident that the trend in China's wine market is witnessing transformations. The shift in consumer behavior towards a more normalized and frequent wine consumption pattern, especially among the younger urban population, is manifesting since 2018. Import preferences among young Chinese consumers have veered towards purchasing imported wines online, with a distinct fondness for red French wines. Consequently, France stands as the primary wine supplier, followed by Chile and Italy.

The year 2022 saw a significant decline in the value of wine imports into China, as per data from Chinese customs. Despite this decline, the average price of wine exhibited an upward trajectory, signaling potential shifts in the market dynamics. In this scenario, it is crucial to understand the evolving landscape of its wine market and anticipate the factors that will shape its trajectory. This forms the basis for the subsequent analysis in this study, delving into the economic implications, historical context, and the future outlook for the wine industry in both China and Italy.

6.6 Review on Legal Supervision System of the Chinese Wine Industry

While grape cultivation and the production of wine have been part of China's history for millennia (H. Wang et al., 2016), the modern Chinese wine industry has historically trailed behind more advanced counterparts in the West, especially since the onset of the industrial revolution (Yang, H.; Tao, Y.; Zhang, Y., 2009). The evolution of this sector can be delineated into three distinct stages spanning from 1978 to 2013: beginning, development, and rapid ascent (H. Li et al., 2009). Over this period, the legal framework overseeing the Chinese wine industry underwent three significant revisions, marked by the promulgation and enforcement of new standards, each of which significantly influenced the industry's growth and development (Yang, H.; Tao, Y.; Zhang, Y., 2009). Between 1978 and 1994, during the initial phases of China's historical reform and its opening up to the global market, this sector experienced its initial regulatory phase. During this period, there was a lack of standardized winemaking procedures, and manufacturers implemented their own enterprise-specific standards. It wasn't until 1984 that the former Ministry of Light Industry introduced the first official Chinese wine standard, "Wine and its Testing Methods (QB 921-1984)," signifying a fundamental shift towards standardization from an initial state of disorder. However, due to the lax requirements outlined in this standard (permitting a grape juice dosage between 30 and 70%) and its limited legal enforceability, low-quality wines inundated

the market, significantly tarnishing the reputation of domestic wines (Yang, H.; Tao, Y.; Zhang, Y., 2009). During the years spanning from 1994 to 2004, the Chinese wine industry experienced a significant transformation as winemaking technology transitioned toward pure-juice fermentation. In 1994, pivotal standards were introduced, including "Wine (GB/T 15037-1994),"⁷ "Half Base Wine (QB/T 1980–1994)"⁸, and "Vitis Amurensis Wines (QB/T 1982–1994)," superseding the earlier standard of "Wine and its Testing Methods (QB 921-1984)" (Yang, H.; Tao, Y.; Zhang, Y., 2009). Particularly, "Wine (GB/T 15037-1994)," as the initial Chinese national standard for purely juice-fermented wine, played a crucial role during this period by aligning product definitions and testing criteria with international standards. However, "half-base wine" continued to hold a significant portion of the Chinese market due to limited raw material supply, domestic consumer preferences, and lower consumption levels. This persisted until March 17, 2003, when "Half Base Wine (QB/T 1980–1994)" was abolished. Concurrently, on January 1, 2023, the "Technical Specification for Grape Wine Making in China" was implemented, a pivotal guiding document incorporating international winemaking regulations, tailored to China's wine production conditions. Simultaneously, the earlier edition of "Wine (GB/T 15037-1994)" underwent revisions. Starting from July 1, 2004, the production and distribution of half-base wine ceased, marking the entry of Chinese wine into the era of pure-grape juice fermentation (H. Li et al., 2009). This transition effectively liberated nearly one-third of the total market capacity previously dominated by half-base wines, facilitating wineries to produce higher-quality wines and promoting an upgrade within China's wine industry (Yang et al., 2022).

From 2004 to 2013, the Chinese wine industry experienced a rapid ascent, driven by both national strategies and favorable economic conditions. The State Economic and Trade Committee's emphasis on grape wine and other fruit wine development in 2002 played a crucial role. Moreover, its burgeoning economy, reduced import taxes, and free trade agreements boosted the wine market, making wines more affordable for consumers. During this period, wine enterprises focused on raw material bases and brand construction, markedly enhancing Chinese wine quality. Corresponding to the market growth, the state enacted and refined standards and regulations, aligning with the EU's stringent quality regulations, thus advancing the industry toward comprehensive

⁷ National Standard of the People's Republic of China <https://www.codeofchina.com/standard/GBT15037-1994.html> (accessed 03.09.2023)

⁸ *ibid*

standardization from production to market (Meloni & Swinnen, 2013; Zeng & Szolnoki, 2017). However, since 2013 the Chinese wine industry, particularly the high-end market, experienced a slowdown and entered a fluctuation stage due to government restrictions on public fund usage for private banquets and intensified competition from imported wines. Encouragingly, the overall trajectory of wine consumption in China is poised to rise again, fueled by the burgeoning affluent upper-middle class and digital advancements in communication and sales channels (Yang et al., 2022; Zeng & Szolnoki, 2017). This scenario underscores the urgent need for upgrading the Chinese wine industry to navigate current challenges and cater to a growing market in the future. Consequently, addressing these new challenges necessitates a thoughtful reconsideration of wine policies and legal oversight.

In the past two decades, this wine sector has rapidly evolved, presenting both opportunities and challenges. To ensure safety and growth, the authorities have established a comprehensive wine standard system, aligning with key legislations like the Food Safety Law and the Standardization Law. This legal framework regulates all aspects of the wine industry, covering raw materials, product standards, hygiene, analytical methods, labeling, enterprise structure, production, and more. Additionally, specific regulations oversee wine production and distribution practices. However, certain aspects of China's wine policy need strengthening, including product quality grading, geographical indication protection, industrial advancement, and tax adjustments. Looking ahead, the Chinese wine industry holds great potential. International collaboration is essential to standardize the industry further. Governmental support is crucial to enhancing laws and standards, encouraging sustainable industry growth, and increasing wine consumption (Yang et al., 2022).

6.6.1 Natural wines' certification in China

The legal framework for certifying natural wines in China involves a multifaceted process that adheres to both domestic and international standards. There, the certification of natural wines is typically governed by the China Organic Food Certification Center (COFCC) and the China National Certification and Accreditation Administration (CNCA). These organizations establish and enforce regulations to ensure the organic and natural status of wines, covering aspects such as cultivation practices, winemaking processes, and labeling. Producers seeking certification must comply with the "China Organic Product Certification Measures" and "National Standards for

Organic Products," which outline the criteria for organic production. Additionally, adherence to international standards, such as those set by the International Federation of Organic Agriculture Movements (IFOAM), is often required to enhance the credibility and recognition of natural wines in the global market. The certification process involves rigorous inspections, documentation verification, and periodic audits to ascertain compliance with established standards. The legal framework aims to create a transparent and reliable system, fostering consumer trust and promoting the growth of the natural wine market. Certifying bio and organic wines in China can pose several challenges due to the unique regulatory environment, market conditions, and cultural factors. Some of the difficulties include the follow points:

- *Complex Regulatory Framework:*

China's regulatory framework for organic and bio products can be intricate and subject to frequent changes. Navigating through the regulatory requirements, documentation, and certification processes can be challenging.

- *Language and Communication:*

Language barriers may impede effective communication between foreign producers and Chinese certification authorities. Accurate translation of documents and clear communication during the certification process is crucial but can be challenging.

- *Differing Standards and Certification Bodies:*

China may have its own set of standards and certification bodies, and compliance with these standards might differ from international organic certifications. Aligning international standards with Chinese requirements can be a complex task.

- *Limited Understanding of Organic Products:*

Some consumers in China may have limited awareness and understanding of organic and bio products. Educating consumers and building trust in the authenticity of organic certifications can be a gradual process.

- *Stringent Inspection and Verification:*

Chinese authorities often conduct rigorous inspections and verifications to ensure compliance with organic standards. Producers may find it challenging to meet the stringent criteria for certification.

- *Supply Chain Traceability:*

Establishing a transparent and traceable supply chain, a key requirement for organic certification, can be difficult in certain regions. Ensuring that all components of the production process adhere to organic standards can be a logistical challenge.

- *Costs and Time Involved:*

Obtaining certification can be a costly and time-consuming process. The expenses associated with certification, including testing, documentation, and compliance measures, can be a barrier for some producers.

- *Market Competition:*

The organic and biodynamic wine market in China is growing, but competition is also increasing. Producers may find it challenging to differentiate their products and establish a market presence among various certified and non-certified options.

- *Changing Consumer Preferences:*

Consumer preferences in China are dynamic, and understanding the evolving demands for organic and bio products can be challenging. Adapting to changing trends and preferences requires continuous market research.

Overcoming these challenges involves collaboration between international producers, certification bodies, and Chinese authorities to establish clear standards, streamline certification processes, and educate both producers and consumers about the benefits and authenticity of organic and bio wines.

6.7 Current Status and Trends in the Chinese Wine Market

The Chinese wine market has undergone a remarkable transformation in recent decades, evolving from a largely beer and spirits-drinking nation to a burgeoning wine-consuming powerhouse. The economic reforms and opening-up policies since the late 1970s have significantly contributed to this transformation, exposing the population to a more diverse range of products, including wine. Today, China is a vital player in the global wine market, both in terms of consumption and production (Anderson & Wittwer, 2013). Over the last three decades, China has emerged as one of the swiftest expanding markets globally for imported wines. It holds a position of paramount importance and potential for numerous wine producers, notably those hailing from France and Chile, presently dominating the charts for imported wines. Despite a consistent downturn in overall wine imports to China over the past three years due to the disruptive effects

of Covid-19 and Australia's withdrawal from the market, the trajectory of wine drinking culture is visibly ascending in this expansive market, portraying promising signs of market development (“Nimbility’s Nichole Mao on the Potential of the Natural Wine Market in China,” 2022).

6.7.1 Market Segmentation

The Chinese wine market can be broadly segmented based on the type of wines, including red, white, sparkling, and others. Red wine has been the preferred choice for a considerable period, owing to cultural associations with good fortune and prosperity. However, in recent years, there has been a notable increase in the consumption of white and sparkling wine, particularly among the younger urban population (“Chinese Wine Market Insights, Strategies, and Recommendations,” 2021; Lawati, 2021; Xiao Kunbing, 2023). Still the predominant segment of the wine market in China is primarily occupied by still red wine. Traditionally, in the Chinese lexicon, the term '红酒' (hóng jiǔ), translating to 'red wine,' is employed as a general reference to all types of wine, whereas '白酒' (báijiǔ), meaning 'white wine,' actually pertains to Chinese spirits, known as baijiu. Red, symbolizing good fortune, prosperity, and joy, holds significant cultural importance in China. This kind of wine is associated with sophistication and is believed to confer health benefits (“Chinese Wine Market Insights, Strategies, and Recommendations,” 2021).

Drawing from a survey of 3.8 million imported wine enthusiasts in China, a report by Wine Intelligence delineates six distinct categories of wine consumers (Figure 11). These categorizations offer valuable insights into consumer profiles and behaviors, encompassing not only demographic factors such as age, gender, and income but also delving into how Chinese wine consumers engage with wine. This analysis explores their motivations for wine consumption, decision-making processes, and purchasing behaviors (Wine Intelligence China Portraits 2015 Report, 2016).

China Portraits 2015

Wine Intelligence identifies six distinct types of China's imported wine drinkers, each representing one typical set of behaviour and relationship with wine

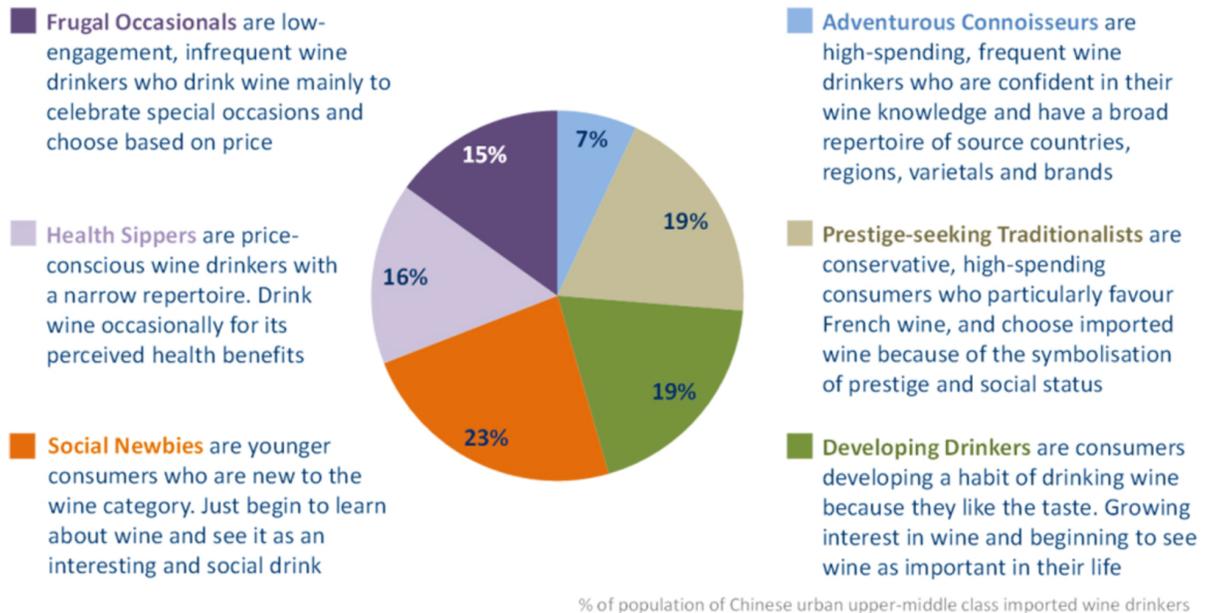


Figure 11: China Portraits <https://www.lifestyleandmore.it/blog/?u=/2016/08/12/chinese-wine-consumers-are-rising/>

6.7.2 Trends in Organic and Biodynamic Wines in Asia

This chapter delves into the rising trend of sustainable wines in Asia, highlighting the growing preference for organic and environmentally-friendly ones. The discussion encompasses consumer behavior, production techniques, and regional dynamics, offering insights into this transformative shift within the wine industry.

In recent years, the emerging wine culture in China and Southeast Asia has seen a substantial rise in consumer interest towards sustainable wines. As the demand for wine grows globally (*Wine - Worldwide | Statista Market Forecast*, n.d.), the industry is experiencing transformative shifts in production, packaging, and marketing. Consumers seek high-quality wines produced with minimal environmental impact, fostering innovative sustainable practices that resonate with a broader audience.

The International Wine and Spirit Research anticipates a notable surge in global organic wine consumption, reaching an estimated 1 billion bottles within the next three years (Aswani, 2019). China's growing thirst for wine, predominantly met through a burgeoning online market, is

a significant driver. The University of Adelaide projects a continuous escalation in Southeast Asia's consumption of fine wines. Meeting this demand responsibly, without compromising taste and quality, is a paramount concern for wine producers (Jeralyn, 2023).

The rise of online wine sales, driven by China's position as the leading global buyer, presents significant opportunities for internet wine retailers. Consumers can enjoy carefully curated, high-quality wines through convenient platforms like wine subscription boxes, ensuring a personalized selection that resonates with their preferences.

A substantial number of winemakers are embracing sustainable farming techniques such as natural pest control, composting, and crop rotation. Not only do these practices benefit the ecosystem, but they also align with economic and social responsibility. Bottling wine produced through such ecologically sound practices enables companies fulfilling subscription orders to deliver high-quality, environmentally-friendly wines to consumers.

The discerning consumer is now more attuned to examining wine labels beyond basic credentials. An increasing number of consumers seek indications that a wine is naturally produced or grown organically, signifying efforts to reduce the environmental footprint of wine production. Natural wines, devoid of chemical additives, and organic wines, cultivated from pesticide-free grapes, are gaining favor. Moreover, health-conscious consumers are drawn to the health benefits associated with these natural production methods. Although wine manufacturers are not mandated to disclose ingredients on wine labels, the Department of Agriculture's organic label in the US offers assurance to consumers by indicating the absence of added preservatives, sulphites, or sugar in naturally produced wine. Minimizing the environmental impact of wine consumption is a growing concern among consumers with refined palates. This extends to their purchasing behavior, favoring locally sourced wines to reduce environmental costs. In China, a significant portion of consumed wine is domestically produced, particularly in regions like Yantai-Penglai, boasting over 140 wineries. Supporting local wine producers allows consumers to savor distinctive wines while minimizing both financial and environmental transportation costs (Jeralyn, 2023).

In the early 1920s, Austrian philosopher and scientist Rudolf Steiner laid the foundations for biodynamic farming, a holistic approach to agriculture. Since its inception, this farming philosophy has found traction in various vineyards worldwide, spanning countries like France, Switzerland, Italy, Spain, Austria, Germany, Australia, Chile, South Africa, Canada, and the United States. Over the past decade, this movement has migrated to the Ningxia wine region in

China, driven by European and western-educated Chinese winemakers who have adopted the principles of biodynamic viticulture (*Why China's Biodynamic Wines Are Gaining a Cult Following*, 2020). Biodynamic farming embodies a self-sustaining and sustainable agricultural system, utilizing natural materials, soils, and composts. It strictly shuns chemical fertilizers and pesticides, relying instead on nine distinct preparation methods (coded as Preparation 500 to 508). These preparations are derived from herbs, mineral substances, and animal manure, processed into field sprays and compost to foster soil fertility. Adherents of biodynamic farming synchronize their soil treatments with the lunar calendar, believing that plants are more receptive to practices like fertilization or pruning on specific days or phases of the moon. This practice aligns with the larger philosophy of working in harmony with natural cosmic rhythms.

Since the survey conducted by Bo Liu H. (2014), the primary consumer demographics within the Chinese imported wine market have undergone a notable shift, transitioning from conventional consumer types to four emerging categories. Over the subsequent three years, the percentage of wine enthusiasts, including the Adventurous Connoisseurs and Prestige-seeking Traditionalists, has observed a gradual decline, while the newer segments characterized by moderate consumption, namely Health Sippers and Frugal Occasionals, have witnessed an augmentation. Additionally, a recently identified segment, the Developing Drinkers, has emerged, constituting 19% of the market (Wine Intelligence China Portraits 2015 Report, 2016).

Region	Cities featured in Vinitrac® China	Preference for red wine	Preference for white wine
North	Beijing Shenyang Zhengzhou	Style: dry, fuller-bodied Flavour: blackcurrant, fresh Chinese wolfberry, dried Chinese red date	Style: Fuller-bodied, dry Flavour: mango, tropical fruit, apple
East	Shanghai Hangzhou	Style: rich, fruity, earthy Flavour: Chinese waxberry, blueberry, cranberry, raspberry	Style: light, crisp Flavour: vanilla, pomelo, creamy
Central	Wuhan Changsha	Style: mellow and rich, smooth Flavour: strawberry, berries, Chinese black tea	Style: refreshing, smooth, heavy(-bodied) Flavour: lemongrass, tropical fruit, pear
West	Chengdu Chongqing Guiyang	Style: light, sweet Flavour: blackberry, raspberry	Style: fruity, crisp, sweet Flavour: honeydew melon, nutty aromas
South	Guangzhou Shenzhen	Style: fresh, juicy, oaky Flavour: strawberry, vanilla, clove	Style: soft, juicy, sweet Flavour: honey, jasmine tea, citrus

Table 2: Chinese wine preferences by region

Source: Wine Intelligence, Chinese Wine Market Landscapes Report June 2017

<https://www.wineaustralia.com/news/market-bulletin/issue-67>

In terms of preferences, the Chinese consumer often considers factors like taste, quality, brand reputation, and price (Shabellova 2021; Liu et al., 2013). While the older generation might favor traditional options and prestigious brands, the younger generation tends to explore a variety of wines, including both domestic and international labels. This growing interest in wine varieties presents an opportunity for a diverse range of wines to capture different segments of the market.

The promotion and popularization of natural wines in China have witnessed a significant milestone through events like the "Drink Up: CRUSH Wine Festival" held from September 25-27, 2020. This festival played a pivotal role in introducing and celebrating the diverse world of natural wines to the Chinese audience. With an emphasis on sustainable and organic winemaking practices, the event showcased a range of natural wines, appealing to the growing interest in environmentally conscious and authentic products. Attendees had the opportunity to explore unique flavors, often associated with minimal intervention in the winemaking process. Such festivals serve as powerful platforms, not only allowing consumers to taste and appreciate natural wines but also fostering a deeper understanding of the underlying philosophy and craftsmanship behind these wines. By creating engaging and immersive experiences, events like the CRUSH Wine Festival contribute significantly to the broader movement of embracing natural wines in China, paving the way for increased acceptance and consumption of this distinct category within the country's evolving wine culture (Gouk, 2020).

Another example is "The Living Wine Natural Wine Area", introduced as a concept outside the exhibition, debuted with distinctive offerings such as renowned Lebanese wines, English sparkling wines, trendy kombucha, and more. The WINWSA International Women's Wine and Spirits Awards, also took center stage. The Wine to Asia Guangzhou Special Edition will make its grand entrance at the luxurious Rosewood Guangzhou with an innovative concept and multiple highlights. In 2020, Wine to Asia, upon landing in China, introduced a Natural Wine Zone to the Chinese market named Living Wine. The zone featured a design by Chinese architect JIN YZ, formerly associated with OHA Architects, incorporating the concept derived from the "wood" in wine. This design aimed to create an interconnected experience, symbolizing each grapevine's unique connection to the soil. The Guangzhou Special Edition will showcase the Living Wine Natural Wine Area with a comprehensive presentation of its concept, design, and content outside

the exhibition. The event will bring together 26 active natural wine estates and brands in the Chinese market, offering a diverse range of characteristics from over 130 wineries in 20+ wine-producing countries, including Italy, New Zealand, Slovenia, China, Greece, Hungary, and more. It provides an opportunity to explore the extraordinary vitality of natural wine from the vineyard to the bottle and, ultimately, into the glass. As wine master and author of "Natural Wine," Isabelle Legeron, aptly puts it, "Natural wine may not be the one 'breaking with tradition' but the most primitive form of wine."(WinetoAsia, 2022)

This segment provides an overview of the current status and trends in the Chinese wine market, highlighting its remarkable growth, market segmentation, import-export dynamics, and evolving consumer preferences. The Chinese wine market is dynamic and constantly evolving, making it a pivotal area for further analysis and exploration.

Chapter VII

Competitive potential of Natural Wine in the Chinese market and opportunities for Italian producers

7.1 Exploring the Dynamics of the Chinese Wine Market: Insights from Industry Stakeholders

The richness of understanding the Chinese wine market unfolds through the lens of industry insiders who shape its contours. In this chapter, we delve into the outcomes of our research, unveiling key insights obtained through a comprehensive questionnaire distributed to prominent wine importers operating in China. The goal was to capture nuanced perspectives, trends, and strategic considerations from three influential companies: *Globus Wine Company*, *Jebsen & Co. (China) Ltd*, and *Roque Fine Wines*.

Methodology Overview

Our research methodology entailed the design and distribution of a targeted questionnaire tailored to gather insights into the complexities of the Chinese wine market. The questionnaire comprised a series of inquiries strategically crafted to extract valuable information concerning market trends, consumer preferences, regulatory challenges, and opportunities. The survey was conducted with a particular focus on the landscape for Italian organic and biodynamic wines within the evolving Asian market.

Introduction to Interviewees

Globus Wine Company:

Globus Wine stands as a dynamic and youthful force in the wine import and distribution sector, extending its reach across the entire expanse of the Chinese wine markets. Committed to delivering excellence, the company takes pride in curating a world-class portfolio and providing impeccable professional service to its clientele. The sales team, characterized by passion and extensive experience, undergoes rigorous training to ensure unparalleled service. Globus Wine exclusively represents wines meticulously crafted by boutique producers, each showcasing the unique essence of its region. Boasting a diverse portfolio comprising over two hundred wines from more than thirty artisans, all stored in state-of-the-art temperature-controlled facilities, the company operates seamlessly from its Shanghai and Beijing offices. Additionally, the company

owns and manages two wine shops in Shanghai, establishing direct connections with new customers on a daily basis.

Jebsen & Co. (China) Ltd:

Originally established as a shipping agency in the late 19th century, Jebsen Group has transformed into a dynamic marketing and distribution organization deeply ingrained in the industries and markets it serves. With a keen awareness of the swiftly evolving business landscape and changing consumer lifestyles in Greater China, the company utilizes its extensive presence, local expertise, and industry specialization to deliver distinctive value to global companies. This enables targeted and efficient market access in Mainland China, Hong Kong, Macau, and Taiwan. Jebsen Group is renowned for its representation of high-quality products, services, and solutions spanning the consumer, industrial, beverage, and automotive sectors. Beyond the region, it maintains strong connections with sister companies in Southeast Asia, Australia, Germany, Denmark, the Middle East, and the United States.

Roque Fine Wines:

The company, situated in Shanghai and Beijing, stands as a distinguished fine wine import and wholesale company in China. Boasting a team of seasoned wine professionals, the company draws upon over 30 years of collective experience in importing, distributing, and marketing wines from the world's premier estates and chateaux. Roque Fine Wines is dedicated to showcasing a world-class portfolio of wineries, with a focus on providing top-notch service to their customers. They actively contribute to the education of end consumers in the expanding Chinese market. Their strategic approach involves bringing the optimal quantity of wines to the market, fostering brand equity, and simultaneously boosting sales and distribution.

7.1.1 Analysis and Forecast: Chinese Wine Market - Importers' Perspectives

The insights garnered from three prominent wine importers — *Globus Wine Company*, *Jebsen & Co. (China) Ltd*, and *Roque Fine Wines* — offer valuable perspectives on the trends, challenges, and opportunities within the Chinese wine market.

Common Themes:

1. Premiumization Trend:

- *Insights:* all importers highlight a notable trend towards premiumization. Chinese consumers are increasingly seeking exclusive, high-quality wines.

- *Forecast:* this trend is likely to persist, creating opportunities for premium and unique offerings. Italian organic and biodynamic wines, known for their quality, align well with this consumer shift.

2. Sustainability as a Key Driver:

- *Insights:* sustainability is a fundamental factor, with a rising interest in organic and biodynamic practices. Consumers are making choices aligned with environmental consciousness.
- *Forecast:* the demand for sustainable wines is expected to grow. Italian wines, particularly those adopting organic and biodynamic principles, stand to gain market share.

3. Regulatory Challenges:

- *Insights:* navigating Chinese import regulations and customs processes presents challenges for all importers.
- *Forecast:* it is imperative for Italian wine producers and exporters to streamline supply chain processes and work collaboratively with importers to overcome regulatory hurdles.

4. Brand Reputation and Exclusivity:

- *Insights:* beyond taste, brand reputation and exclusivity significantly influence consumer choices.
- *Forecast:* Italian wines, with their rich heritage and craftsmanship, are well-positioned to leverage these factors. Building a strong brand narrative will be crucial.

Strategic Forecast for Italian Organic and Biodynamic Wines:

1. Targeting the Premium Segment:

- *Recommendation:* Italian wine producers should focus on crafting premium organic and biodynamic wines, catering to the discerning tastes of the evolving Chinese consumer.
- *Forecast:* the premium wine segment is anticipated to witness sustained growth. Italian offerings can capture this market by emphasizing quality and exclusivity.

2. Emphasizing Sustainability:

- *Recommendation:* highlighting the sustainable and eco-friendly aspects of Italian organic and biodynamic wines will resonate with environmentally conscious consumers.
 - *Forecast:* the importance of sustainability is expected to escalate. Italian wines embracing these practices can gain a competitive edge.
3. Collaborative Regulatory Navigation:
- *Recommendation:* establishing collaborative frameworks between Italian producers and Chinese importers to navigate regulations is essential.
 - *Forecast:* regulatory complexities may persist, but proactive collaboration can mitigate challenges, ensuring smoother market access.

The convergence of premiumization, sustainability, and strategic collaboration forms the cornerstone of a promising forecast for Italian organic and biodynamic wines in the emerging Chinese wine market. Navigating challenges while aligning with consumer preferences positions Italian wines for success in this dynamic landscape.

7.1.2 Recommendations for Chinese Wine Importers:

Diversify Premium Offerings:

- Importers should diversify their portfolio to include a wide range of premium wines to cater to the growing demand for exclusive and high-quality products.

Emphasize Sustainability:

- Given the increasing interest in sustainable practices, importers should actively seek out and promote wines that follow organic and biodynamic principles.

Navigate Regulations Proactively:

- Establishing streamlined processes and collaborative frameworks with Italian producers is essential to navigate Chinese import regulations efficiently.

Build Strong Brand Partnerships:

- Strengthen relationships with Italian wineries to build a strong brand narrative. Emphasize the heritage and craftsmanship of the wines to appeal to Chinese consumers who consider brand reputation in their choices.

Educate Consumers:

- Conduct marketing campaigns and events to educate Chinese consumers about the unique qualities of Italian organic and biodynamic wines, fostering an appreciation for these products.

7.1.3 Recommendations for Italian Wine Producers:

Focus on Premiumization:

- They should focus on crafting premium organic and biodynamic wines that align with the evolving tastes and preferences of the discerning Chinese consumer.

Highlight Sustainability Practices:

- Emphasize the sustainable and eco-friendly aspects of production methods. Clearly communicate the commitment to environmental consciousness, as this is a significant driver in the Chinese market.

Collaborate Actively:

- Actively collaborate with Chinese importers to understand and navigate import regulations efficiently. Establishing a collaborative framework will ensure a smoother market entry.

Invest in Brand Building:

- Invest in building a strong brand presence by showcasing the heritage, history, and craftsmanship behind Italian wines. Leverage this narrative to stand out in a market where brand reputation is influential.

Participate in Educational Initiatives:

- Support educational initiatives that help Chinese consumers understand the unique qualities of organic and biodynamic wines. This can be done through partnerships with importers or independent events.

By following these recommendations, Chinese wine importers and Italian wine producers can strategically position themselves in the evolving Chinese wine market, capitalizing on trends and meeting consumer demands effectively.

7.2 Exporting Italian wines in China: experts' experience

Case study: An Insightful Journey into the Chinese Wine Market with Giovanni Angoscini

Giovanni Angoscini is an experienced professional in the wine industry and he shares his experiences and observations on the evolving Chinese wine market. Importing Italian wine to China since 2011, Giovanni sheds light on the intricacies of this dynamic market.

Key Takeaways:

Market Entry and Strategy:

- Giovanni initiated wine importation to China in 2011, recognizing an opportunity to introduce high-quality Italian wines.
- Initial challenges included navigating a society of importers with strict regulations, leading to unconventional methods like carrying wine in suitcases.

Target Customers:

- Focusing on private customers, particularly collectors and wine enthusiasts, proved successful. These customers, characterized by a passion for drinking well, contribute significantly to sales volume.

Market Trends:

- The Chinese wine market has undergone rapid changes. Initially dominated by French wines, there's a growing interest in Italian and Spanish wines, especially from Piemonte, Friuli, and Sicily.
- Macerated wines, often referred to as orange wines, have gained remarkable popularity, aligning with the local culture and preferences.

Consumer Evolution:

- The Chinese wine consumer is curious, open-minded, and increasingly interested in unique and environmentally conscious products.
- Young sommeliers and industry professionals actively participate in wine culture, contributing to the evolution of taste preferences.

Digital Influence:

- E-commerce plays a significant role in wine purchasing, with Chinese consumers, regardless of age or status, regularly buying online.
- The digital sharing culture, especially on platforms like WeChat, is not just about showcasing but has evolved into a more educational and community-driven aspect.

Italian Wine Perception:

- Italian wines are gaining traction in China, with a focus on quality and a favorable price-quality ratio.
- The perception of Italian wine has shifted positively, and it is becoming a customary and normal beverage in the Chinese market.

Future for Small Winemakers:

- There's a growing appreciation for honest and authentic products, emphasizing transparency in production and a connection to the land.
- Small winemakers have an opportunity in China if they communicate their story effectively and deliver unique, high-quality wines.

Human Factor and Relationship Building:

- Relationships in China are built on respect, mutual trust, and consistency. Perseverance is key to establishing and maintaining successful partnerships.
- Despite the rise of e-commerce, the human factor remains crucial in the wine industry, contributing to trust and long-term collaboration.

Market Expansion:

- While currently focused on private customers, there's an ongoing effort to expand sales to traditional retail channels, such as restaurants and hotels, with a well-trained local team.

Giovanni's insights provide a comprehensive understanding of the Chinese wine market's nuances and offer valuable lessons for those looking to navigate and succeed in this dynamic landscape (*How to sell wine in China, Giovanni Angoscini has the story | Wine Digital Marketing, 2018*).

7.3 Insights from Italian Natural Wine Producers: Navigating the Chinese Market Landscape

The insights gathered from interviews and questionnaires with two prominent Italian wineries, Barone Pizzini (Franciacorta) with also Pievalta (Castelli di Jesi) and Moreno Petrini (Tenuta di Valgiano), offer valuable perspectives on the dynamics of the Chinese wine market, with a specific focus on natural wines. These findings contribute to the formulation of hypotheses

and forecasts, shedding light on the challenges and opportunities faced by Italian wine producers in the evolving landscape of the expanding Asian market.

Barone Pizzini (Franciacorta) and Pievalta (Castelli di Jesi)

The challenges in production and market dynamics include the concentration of consumption in major cities and the limited presence of distributors. Recognizing that the Chinese market is still in its early stages of development, the winery acknowledges specific hurdles for natural wines due to the nascent market and consumer unfamiliarity. The fragmentation of the winery's offer poses challenges in selling Italian wines in China. However, the emphasis on quality and safety in the Chinese market provides opportunities, with European organic certification seen as a valuable asset. Despite this, the current profitability of selling Italian wines in this country is perceived as uninteresting. The distribution channels and collaborations are still in a developmental phase, with plans for optimism in the Chinese wine market over the next 3-5 years and an intention to expand the winery's presence and product offerings.

Moreno Petrini (Tenuta di Valgiano)

For Moreno Petrini and his Tenuta di Valgiano, challenges related to production and marketing are primarily managed by the Hong Kong distributor, focusing on the Ho.Re.Ca. market. Specific challenges in the natural wine segment include the perception of natural status in a super-premium price range. The winery encountered initial market challenges with a Chinese distributor, leading to a shift to a French distributor targeting the Ho.Re.Ca. market. While no specific opportunities or emerging consumer trends were highlighted, the winery perceives consistency in profitability globally, with natural wine prices aligned with other segments. The distribution channels and collaborations do not have specific mentions in the responses. Future perspectives and forecasts for Italian wines in this market are not explicitly outlined. Similarly, no specific suggestions or strategies for successful marketing in the Chinese wine market are provided.

These findings contribute essential data to the master thesis, offering a detailed understanding of the challenges and market dynamics faced by Italian wine producers, particularly in the natural wine segment. The implications derived from these insights will be analyzed and integrated into the broader research framework, enriching the overall depth of the thesis.

7.4 SWOT Analysis of Italian Wines on Chinese Market

Based on the information analysed before and the statistical study, some conclusions can be made. For better illustration SWOT analysis of Italian Wines on Chinese Market was done (Table 3).

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Authenticity and Tradition: Italian natural wine producers have a strong advantage in leveraging the country's rich winemaking heritage and tradition, appealing to Chinese consumers seeking authentic and artisanal products. 2. Quality and Authenticity: Italian natural wines are renowned for their quality and authenticity, reflecting the terroir and traditional winemaking methods. 3. Cultural Appeal: Italian wines hold cultural significance and are associated with prestige and luxury in the Chinese market, appealing to consumers seeking premium products. 4. Sustainability: the focus on organic and biodynamic practices aligns with the growing demand for sustainable and eco-friendly products among Chinese consumers. 5. Unique Selling Proposition: natural wines offer a unique selling proposition compared to conventional wines, attracting consumers looking for distinctive flavors, lower alcohol content and production methods. 	<ol style="list-style-type: none"> 1. Inconsistent Quality: Italian natural wine producers may encounter challenges with the inflexibility of production techniques, leading to inconsistencies in product outcomes. The natural fermentation process, while allowing for a unique expression of terroir, also introduces the risk of defects that may affect the quality and consumer perception of the wine. 2. Perceived Higher Cost: natural wines often come with a higher price tag due to their production methods and smaller scale. Chinese consumers, particularly those new to the concept of natural wines, may be reluctant to pay premium prices, posing a barrier to market penetration and consumer acceptance. 3. Regulatory Challenges: importing alcoholic beverages into China involves navigating complex regulatory requirements and obtaining necessary certifications. Meeting these standards can be a barrier for Italian natural wine producers looking to enter the market, requiring significant time and resources to ensure compliance. 4. Competition from Local and International Producers:

<p>6. New Fashion Trend: the growing popularity of natural wines represents a new fashion trend in the Chinese market, driven by evolving consumer preferences and a desire for innovative and experiential products.</p>	<p>Italian natural wines face competition not only from other imported wines but also from domestic Chinese wines and wines from other international regions. Standing out in a crowded market requires effective marketing and differentiation strategies to capture consumer attention and preference.</p> <p>5. Distribution Channels: limited distribution channels and networks in the Chinese market may hinder the availability and accessibility of Italian natural wines to consumers, especially small-scale wine producers.</p>
<p>Opportunities</p>	<p>Threats</p>
<p>1. Collaboration and Partnerships: collaborating with local distributors, retailers, and restaurants can help Italian natural wine producers gain better access to the Chinese market. Partnering with Chinese influencers, sommeliers, and wine educators can also help raise awareness and promote Italian natural wines to Chinese consumers, leveraging local expertise and networks for market penetration and brand recognition.</p> <p>2. Differentiation and Niche Appeal: Italian natural wines offer a point of differentiation in a market saturated with conventional wines. Their unique flavors, artisanal production methods, and emphasis on terroir can appeal to consumers looking for something distinctive and authentic.</p> <p>3. Emphasis on Health and Sustainability: there is a growing awareness among Chinese consumers about health and sustainability issues, leading to</p>	<p>1. Intense Market Competition: the competitive landscape may intensify as more producers enter the market, leading to challenges in differentiating products and maintaining market share.</p> <p>2. Economic Factors: economic downturns or uncertainties may impact consumer spending on premium products, affecting the demand for natural wines. Fluctuations in disposable income and overall economic conditions could pose challenges for Italian natural wine producers seeking to establish a foothold in the Chinese market.</p> <p>3. Counterfeit Products: the prevalence of counterfeit products in the Chinese market can undermine consumer confidence in imported wines, including Italian natural wines, posing a threat to brand reputation and trust.</p> <p>4. Regulatory Risks: changes in regulations or trade policies</p>

<p>increased interest in organic, biodynamic, and natural products. Italian natural wines, produced using minimal intervention and organic practices, can align well with these consumer preferences, offering a compelling value proposition based on health-consciousness and environmental sustainability.</p> <p>4. Government Support: potential incentives and support from the government to promote sustainable practices and organic products could create a conducive environment for the natural wine market.</p> <p>5. Education and Promotion: investing in consumer education and promotional activities can raise awareness and appreciation for Italian natural wines in the Chinese market.</p>	<p>could impact the importation and distribution of Italian natural wines in China, posing a threat to market access and profitability.</p> <p>5. Cultural Resistance: deep-seated cultural preferences for traditional alcoholic beverages may result in resistance to adopting natural wines among certain consumer segments.</p>
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Table 3 – SWOT analysis of Italian wines in the Chinese market

This SWOT analysis provides a comprehensive overview of the internal strengths and weaknesses, as well as external opportunities and threats, shaping the landscape of the Italian natural wines on Chinese market. Producers and stakeholders can use this analysis to formulate strategies that capitalize on strengths, address weaknesses, leverage opportunities, and mitigate potential threats in this dynamic market. Despite facing challenges such as intense market competition, economic uncertainties, and regulatory risks, Italian natural wine producers can leverage their strengths in differentiation and niche appeal. By emphasizing collaboration and partnerships with local distributors and influencers, Italian producers can gain better access to the market and effectively promote their unique offerings. Additionally, the growing consumer preference for health and sustainability presents an opportunity for Italian natural wines to resonate with Chinese consumers seeking authentic and environmentally friendly products. However, it is essential for Italian producers to remain vigilant against threats such as counterfeit products and cultural resistance, implementing robust measures to safeguard their brand reputation and build consumer trust. Overall, by capitalizing on their strengths and addressing potential weaknesses,

Italian natural wine producers can enhance their competitive position in the dynamic and evolving Chinese market.

SWOT analysis serves as an initial framework for extracting insights on how Italian producers might act and gain advantages. To tackle these shortcomings, Italian natural wine producers could implement focused marketing initiatives aimed at educating consumers about natural wines, adopt strategic pricing strategies to stay competitive, establish partnerships with local distributors to enhance market reach, and tailor product offerings to align with Chinese preferences. By capitalizing on these opportunities and tailoring their approaches to suit the Chinese market, Italian natural wine producers can position themselves for success and capitalize on the increasing demand for organic and biodynamic wines in China. To do this, some recommendations for Italian producers could be as follows: invest in consumer education; emphasize value proposition focusing on quality, authenticity, and sustainability, to justify high pricing and appeal to discerning consumers; customize marketing efforts to resonate with Chinese consumer preferences and cultural nuances; establish strategic partnerships with local distributors and retailers; implement robust quality control measures to safeguard against counterfeit products, prioritizing transparency and traceability throughout the supply chain.

By addressing these SWOT considerations and leveraging strategic insights, Italian natural wine producers can navigate the complexities of the Chinese market and capitalize on opportunities for growth and success.

Chapter VIII

Conclusion

The exploration into the historical and cultural significance of wine in China unveils a rich tapestry woven with traditions and rituals. From ancient ancestral veneration ceremonies to modern celebrations, wine holds a paramount position as a conduit between the mortal and spiritual realms. The evolution over time showcases a fascinating interplay between tradition and globalization, impacting the diversity of wines available in the Chinese market.

The Chinese wine market, shaped by cultural, demographic, and economic factors, presents a dynamic landscape. Globalization has broadened the spectrum of wines available, yet the market remains deeply rooted in cultural preferences. E-commerce has emerged as a transformative force, influencing customer habits and expanding access to a diverse range of wines. Understanding how Chinese consumers perceive and engage with natural wines is crucial. Sustainability and eco-friendliness emerge as influential factors in shaping consumer decisions. The complex interplay of tradition and modernity creates a unique environment where the narrative of natural wines aligns with certain consumer segments, while challenges persist due to market unfamiliarity.

The primary objective of this research is to offer a detailed comprehension of the Chinese wine market, pinpointing important trends and openings for Italian natural wine makers. Through an exploration of its historical foundations, cultural importance, and contemporary consumption behaviors, the study seeks to provide stakeholders with valuable knowledge to effectively navigate this multifaceted and ever-changing market.

The positioning of Italian natural wines in China requires strategic consideration of cultural nuances. Italian producers face challenges in a market that is still evolving, especially in the natural wine segment. The findings from interviews with Barone Pizzini (Franciacorta), Pievalta (Castelli di Jesi) and Moreno Petrini (Tenuta di Valgiano) highlight specific challenges, opportunities, and strategies. However, while natural wines are often touted as the true expression of terroir, their potential to convey this essence is not guaranteed. Wine defects, stemming from fermentation issues or grapes not perfectly healthy, can obscure varietal or terroir-linked nuances, potentially detracting from the wine's authenticity. Therefore, the fundamental principle of natural winemaking should prioritize the selection of the right grape variety for the specific terroir, ensuring that the wine authentically reflects its sense of place. By adhering to this principle, natural

winemakers can increase the likelihood of producing wines that truly express terroir, enriching the wine-drinking experience for enthusiasts worldwide.

The SWOT analysis demonstrates valuable insights into the competitive position of Italian natural wines in the Chinese market. Conciliating opportunities for Italian producers with the negative evolution of wine consumption in China requires strategic adaptation and innovation. One approach is to leverage the growing consumer interest in health and sustainability by emphasizing the organic and environmentally friendly practices used in the production of Italian natural wines. By aligning with consumer preferences for healthier and more sustainable products, Italian producers can differentiate their offerings in a market experiencing a decline in traditional wine consumption. Furthermore, collaboration and partnerships with local distributors and influencers can help Italian producers navigate the challenges posed by the evolving wine consumption landscape in China. By forging alliances with key players in the market, Italian producers can gain better access to distribution channels and leverage the influence of local tastemakers to promote their natural wines to Chinese consumers. Additionally, differentiation and niche appeal offer opportunities for Italian producers to stand out in a market saturated with conventional wines. By highlighting the unique flavors, artisanal production methods, and emphasis on terroir of Italian natural wines, producers can attract consumers looking for something distinctive and authentic amidst the homogenization of wine consumption trends in China. Ultimately, by capitalizing on opportunities for collaboration, differentiation, and sustainability, Italian producers can navigate the challenges of a changing wine consumption landscape in China and strengthen their competitive position in the market.

In summary, regarding the diverse research inquiries about wine's cultural importance in China, present trends, consumer attitudes towards natural wines, and the placement of Italian natural wines in the studied market, the findings can be encapsulated as follows. The historical and cultural significance of wine in China is deeply rooted in traditions, evolving over time through globalization and modernization. The Chinese wine market is influenced by cultural, demographic, and economic factors, with globalization impacting the diversity of available wines. E-commerce is reshaping customer habits. Chinese consumers perceive natural wines through the lens of sustainability and eco-friendliness, influencing their purchasing decisions. Italian natural wines face challenges in the evolving Chinese market, and leveraging cultural nuances is essential for strategic positioning.

In summary, the Chinese wine market presents a compelling fusion of traditional elements and modern dynamics, presenting both obstacles and prospects for Italian natural wine producers. This research enriches the broader comprehension of this intricate market, serving as a roadmap for stakeholders aiming for success in the evolving landscape of the expanding Chinese market.

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Appendix

Questionnaire: In-depth Analysis of the Chinese Wine Market

- Background Information:
 - Company Name:
 - Position/Role:
 - How long has your company been involved in wine importing?
- Market Trends:
 - What trends have you observed in the Chinese wine market in the last two years?
 - Are there specific preferences or demands from Chinese consumers regarding wine types or production methods?
- Challenges and Opportunities:
 - What challenges do you face in importing wines into China?
 - Do you see any specific opportunities or gaps in the market for Italian organic and biodynamic wines?
- Consumer Preferences:
 - What factors influence Chinese consumers when choosing wines?
 - How aware do you think Chinese consumers are of the concepts of organic and biodynamic wines?
- Marketing Strategies:
 - What marketing strategies have been effective for your company in promoting wines in the Chinese market?
 - How important is it for your company to communicate the organic or biodynamic aspects of a wine to Chinese consumers?
- Future Outlook:
 - Where do you see the Chinese wine market heading in the next five years?
 - Do you anticipate any shifts in consumer preferences or regulatory environments?

Questionnaires answers

Globus Wine Company:

Background Information:

- Globus Wine Company
- Import Manager
- Globus Wine Company has been a key player in wine importing for over a decade, establishing a strong presence in the Chinese market.

Market Trends:

- We've noticed a growing interest in organic and biodynamic wines, reflecting a broader consumer shift towards sustainable and health-conscious choices.
- Chinese consumers are increasingly seeking wines that are not only high-quality but also produced through environmentally friendly and organic/biodynamic methods.

Challenges and Opportunities:

- Regulatory complexities and fluctuations in import taxes pose challenges. Also, educating consumers about the value of organic and biodynamic wines can be demanding.
- There's a notable opportunity for Italian organic and biodynamic wines, especially considering the increasing demand for premium, sustainably produced wines among Chinese consumers.

Consumer Preferences:

- Chinese consumers are influenced by brand reputation, taste preferences, and increasingly, the production methods. Health consciousness is also gaining importance.
- There's a growing awareness, although more efforts in education and marketing are needed to fully inform consumers about the benefits and uniqueness of organic and biodynamic wines.

Marketing Strategies:

- Online platforms and collaborations with influencers have proven effective. Tastings and events also play a crucial role.

- It's highly important. Clearly communicating the organic or biodynamic aspects builds trust and resonates well with our target audience who prioritize sustainable and quality products.

Future Outlook:

- We anticipate continued growth, especially in the organic and biodynamic wine segments. E-commerce will likely play an even more significant role.
- Consumer preferences for sustainably produced wines will likely intensify. Regulatory environments may evolve to support and regulate these trends.

Jebsen & Co. (China) Ltd:

Background Information:

- Jebsen & Co. (China) Ltd
- Senior Wine Buyer
- From a shipping agency established at the end of 19th century, Jebsen Group has evolved into a marketing and distribution organization, deeply embedded in the industries and markets it serves.

Market Trends:

- The Chinese market has shown a preference for diverse and unique wine varieties. There's a notable trend towards sustainable and organic options, reflecting a more sophisticated consumer base.
- Consumers are increasingly seeking wines with unique stories and a focus on sustainability. Organic and biodynamic wines are gaining popularity, especially among the younger demographic.

Challenges and Opportunities:

- Importing regulatory complexities, especially regarding organic certifications, can be challenging. Additionally, the competitive landscape demands constant innovation.
- There's a significant opportunity for Italian organic and biodynamic wines as consumers show a growing interest in premium, sustainably produced options. Leveraging the Italian wine culture can be a unique selling point.

Consumer Preferences:

- Brand reputation, taste profiles, and the perceived sustainability of production methods are key factors. Health-consciousness is also a growing influencer.
- Awareness is growing steadily, driven by increased education and marketing efforts. However, there's room for further education to deepen understanding.

Marketing Strategies:

- Collaborations with key influencers and strategic partnerships have been impactful. Utilizing digital platforms for targeted marketing has also proven successful.
- It's highly important. Clear communication of the organic or biodynamic elements enhances consumer trust and aligns with the growing demand for sustainable products.

Future Outlook:

- Continued growth is anticipated, particularly in premium and sustainable wine segments. E-commerce will likely remain a dominant distribution channel.
- Consumer preferences for sustainability will likely intensify, and regulations may evolve to support and standardize organic and biodynamic wine certifications.

Roque Fine Wines

Background Information:

- Roque Fine Wines
- Chief Wine Curator
- Roque Fine Wines, synonymous with excellence, has been passionately importing and curating the finest wines for over 30 years .

Market Trends:

- The Chinese market is evolving towards an appreciation for unique and limited-edition wines. There's a discernible trend towards exclusive, handcrafted offerings with a strong focus on terroir.
- Consumers are seeking wines that tell a story. There's a growing demand for biodynamic and organic wines, aligning with a heightened sense of environmental consciousness.

Challenges and Opportunities:

- Navigating regulatory complexities and ensuring a seamless cold chain for delicate wines present challenges. However, these challenges open avenues for innovative solutions.
- There's a golden opportunity for Italian organic and biodynamic wines to shine. The market craves authenticity, and these wines, with their rich heritage, can fulfill that desire.

Consumer Preferences:

- Chinese consumers are captivated by the story behind the wine, its heritage, and the craftsmanship involved. They appreciate wines that reflect a commitment to sustainable practices.
- Awareness is steadily growing. Chinese consumers are becoming more informed and discerning, recognizing the unique qualities and environmental benefits of organic and biodynamic wines.

Marketing Strategies:

- Engaging storytelling, exclusive events, and collaborations with influencers have proven effective. Emphasizing the unique qualities of our Italian organic and biodynamic wines resonates well.
- It's paramount. Transparency about our commitment to organic and biodynamic practices enhances the perceived value and authenticity of our wines in the eyes of the Chinese consumer.

Future Outlook:

- The market will likely evolve towards more personalized and curated wine experiences. There's a promising trajectory for sustainable and organic wines, reflecting a maturing consumer base.
- Consumer preferences will lean towards wines with a meaningful narrative and sustainable practices. Regulatory environments may evolve to support and standardize certifications for organic and biodynamic wines.

Questionnaire for Italian Wine Producers

Introduction:

Thank you for participating in our survey. Your insights are invaluable as we seek to

understand the challenges, opportunities, and trends for Italian wine producers in the Chinese market, with a focus on natural wines.

General Information:

- Name of your winery:
- Number of years operating in the wine industry:
- Number of people working in the winery:

Natural Wine Segment:

- Are you currently producing natural wines?
 - Yes
 - No
- If yes, what percentage of your total production does the natural wine segment represent?

Distributing information:

- Current annual production capacity (in liters):
- Exporting market (countries and share):

Market Presence in China:

- Are you currently selling your wines in the Chinese market?
 - Yes
 - No
- If yes, how would you describe the market response to your wines?
- What specific challenges do you face in producing and marketing natural wines in China?

Market Challenges:

- What challenges do you encounter in selling Italian wines in China?
- Are there specific regulatory or cultural barriers you've faced?

Opportunities and Trends:

- What opportunities do you see for Italian wines, especially natural wines, in the Chinese market?
- Are there any emerging trends in consumer preferences that you have observed?

Profitability and Pricing:

- How do you perceive the profitability of selling Italian wines in China?

- How does the pricing of natural wines compare to other wine segments in the Chinese market?

Distribution Channels:

- Which distribution channels do you find most effective for reaching Chinese consumers?
- Have you explored online sales platforms, and if so, what has been your experience?

Collaboration and Partnerships:

- Have you considered collaborations or partnerships with local Chinese businesses to enhance market penetration?
- If yes, what challenges or successes have you encountered in such collaborations?

Future Outlook:

- What is your outlook on the Chinese wine market for the next 3-5 years?
- Do you plan to expand your presence or product offerings in the Chinese market?

Forecasts for Italian Wines in the Chinese Market:

- What are your predictions for Italian wines in the Chinese market?

Tips for Successful Marketing Performance in the Chinese Wine Market:

- What tips can you highlight for a successful marketing performance in the Chinese wine market?

Your insights are crucial in shaping our understanding of the dynamics between Italian wine producers and the Chinese market. Thank you for your time and participation.

Questionnaire answers

Barone Pizzini (Franciacorta) and Pievalta (Castelli di Jesi)

The interview with Barone Pizzini (Franciacorta) and Pievalta (Castelli di Jesi), a renowned Italian winery with 30 years of experience in the industry, provided valuable insights into the challenges, opportunities, and trends for Italian wine producers, particularly in the Chinese market, with a focus on natural wines.

Key Findings:

1. Production and Market Challenges: Concentration of consumption in major cities with limited distributors poses a challenge. The Chinese market, while showing promise, is still in its early stages of development.

2. Specific Challenges in Natural Wine Segment: Natural wines, including Franciacorta Bio, Marche Bio, and Biodynamic Vegan, face hurdles due to the nascent market and consumer unfamiliarity. The winery highlighted the need for time for wines like Franciacorta to gain recognition.

3. Market Challenges: The fragmentation of the winery's offer presents a challenge in selling Italian wines in China.

4. Opportunities and Trends: The consumer's emphasis on quality and safety presents an opportunity for Italian wines. European organic certification is seen as a valuable asset.

5. Profitability and Prices: The current profitability of selling Italian wines in China is perceived as uninteresting.

6. Distribution Channels: The market and supply chain are in a developmental phase, with effective channels yet to be fully established.

7. Collaborations and Partnerships: Collaborations with local Chinese companies have been considered, although challenges in presenting sparkling and white wines have been encountered.

8. Future Perspectives: Optimism exists for growth in the Chinese wine market over the next 3-5 years. The winery plans to expand its presence and product offerings in the Chinese market.

9. Forecasts for Italian Wines: Success is expected by educating consumers about the PDO system and organic certifications.

10. Marketing Strategies: While no specific marketing advice was provided, the winery emphasized the importance of understanding and navigating the complex Chinese market.

Implications for the Thesis: The interview results highlight the dynamic nature of the Chinese wine market, indicating both challenges and opportunities for Italian wine producers. The winery's experience serves as a valuable case study, offering insights that contribute to the understanding of market dynamics and the unique considerations for natural wines in China. These findings will be integrated into the broader analysis within the Master thesis, providing a real-world perspective on the complexities of the Chinese wine market.

Moreno Petrini (Tenuta di Valgiano)

The Italian wine producer questionnaire offers valuable insights into the dynamics of the Chinese wine market, with a focus on natural wines. Key findings from the survey provide a comprehensive understanding of the challenges, opportunities, and market trends for Italian wine producers in the evolving landscape of the expanding Asian market.

Key Findings:

1. **Production and Market Challenges:** The challenges related to production and marketing are primarily managed by the Hong Kong distributor, serving the Ho.Re.Ca. market.
2. **Specific Challenges in Natural Wine Segment:** The Italian producer faces specific challenges related to the natural wine segment, especially concerning the perception of natural status in a super premium price range.
3. **Market Challenges:** Initial market challenges were encountered with a Chinese distributor, prompting a shift to a French distributor targeting the Ho.Re.Ca. market.
4. **Opportunities and Trends:** The questionnaire did not specify identified opportunities or emerging consumer trends for Italian wines in the Chinese market.
5. **Profitability and Prices:** The perception of profitability is consistent globally, with natural wine prices aligned with other segments.
6. **Distribution Channels:** The Italian producer did not specify effective distribution channels for reaching Chinese consumers, and no exploration of online sales platforms was undertaken.

7. Collaborations and Partnerships: The questionnaire revealed no consideration of collaborations or partnerships with local Chinese entities.

8. Future Perspectives: The Italian producer did not provide specific insights into the future perspectives of the Chinese wine market over the next 3-5 years.

9. Forecasts for Italian Wines: The questionnaire did not include forecasts for the performance of Italian wines in the Chinese market.

10. Marketing Strategies: The Italian producer did not provide specific suggestions or strategies for successful marketing in the Chinese wine market.

Implications for the Thesis: The findings from the Italian wine producer questionnaire contribute essential data to the master thesis, offering a detailed understanding of the challenges and market dynamics faced by Italian wine producers, particularly in the natural wine segment. The implications derived from these insights will be analyzed and integrated into the broader research framework, enriching the overall depth of the thesis.

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[i](https://www.decanterchina.com/en/knowledge/people/chinese-winemakers/changyu-chief-winemaker-embrace-the-new-norm-of-chinese-market-part-i)

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