

Research and Recommendations on Marketing Strategies for Small and Micro Wine Import Companies in China

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Abstract: The Chinese economy's rapid growth has led to an increased standard of living and a shift in consumer preferences from price to quality, particularly in the wine market. The demand for imported wines has surged, with China becoming one of the world's largest wine importers since 2016. The younger generation, aged 25 to 45, is particularly interested in wine, focusing on brand culture and the origins of the wine. This demographic shift, along with China's economic openness and the rise of e-commerce, has created a thriving market for imported wines. Research on the wine industry shows that China's wine imports have grown significantly since joining the WTO in 2001, with the EU dominating the import sources. The development of wine tourism has also provided new opportunities for the industry. In terms of marketing, it's suggested that China learn from European wine marketing models, focusing on cultural marketing and differentiation strategies targeting young consumers. Consumer behavior analysis indicates that young consumers prefer wine during social gatherings and are influenced by education and travel experiences, while celebrity endorsements can effectively promote wine products. Thus, some marketing strategy recommendations are as follows: Small and micro wine import companies in China should focus on understanding consumer behavior and preferences, leveraging online and offline sales channels, and promoting wine culture to capitalize on the growing wine market.

Keywords: Marketing Strategy, Imported wine, Marketing.

1. Introduction

In the wake of China's economic boom, the nation has witnessed a paradigm shift in consumer behavior, with a burgeoning demand for imported wines. This essay delves into the intricate tapestry of China's small and micro wine import companies, exploring their marketing strategies amidst a landscape shaped by evolving tastes, globalization, and e-commerce. It scrutinizes the historical trajectory of wine imports post-WTO accession, the influence of Western wine culture, and the pivotal role of consumer demographics in shaping market trends. Furthermore, it examines the multifaceted challenges and opportunities that lie ahead, proposing strategic insights for these companies to navigate the complex and competitive realm of wine importation in China.

2. Background

With the rapid development of the Chinese economy, the living standard of Chinese residents has been significantly improved. This change has led to a growing aspiration for a better quality of life among the populace after addressing basic needs. Chinese consumer preferences have shifted from price consciousness to an emphasis on quality, reflecting evolving consumption habits and attitudes. In recent years, as the global wine market continues to expand and Western wine culture spreads, the demand for imported wines in China has steadily risen. Increasingly, consumers show a burgeoning interest in wine, particularly in high-quality varieties, thereby presenting significant market opportunities for imported wines.

According to statistics, since 2016, China has emerged as one of the world's largest importers of wine. The demand for imported wine has shown a steady upward trend, with red

wine consumption reaching a record of 18 million liters in 2018. In 2022, China's total wine imports amounted to approximately 340 million liters, with a total import value exceeding 14.3 billion US dollars. Furthermore, with deepening globalization and cultural exchanges, Chinese consumers' demand for diverse food and beverage options has been on the rise, with wine becoming increasingly sought after as a symbol of taste and enjoyment. Among consumers, the younger generation exhibits the highest interest in wine. With increasing purchasing power and interest, current wine consumers are primarily concentrated in the 25 to 45 age group, with an average age of 34, dominated by post-80s and post-90s generations. Compared to older consumers, this demographic emphasizes brand culture, wine-producing regions, and grape varieties, displaying a preference for exploring wines from different countries or regions.

Moreover, with China's economic openness, the implementation of trade liberalization policies, deepening international trade cooperation, the rise of e-commerce, and the upgrading of consumption structures, the sales of imported wines are thriving. This active sales landscape bodes well for the future of the wine import market, creating favorable conditions for further growth and development.

3. Literature Review

3.1. Research on the Development of the Wine Industry

Since China acceded to the World Trade Organization at the end of 2001, the wine trade has undergone rapid development. Jingying Jin [1] pointed out that China's wine imports have continuously expanded since 2002, with both import volume and value showing significant growth trends. The primary source countries for imports are France, Spain,

Italy, Portugal, Australia, and the United States, with EU countries occupying a dominant position in import sources. Research by Hao Tian and Hong Zhou [2] indicated that by the end of 2015, China's total wine imports had grown by nearly 45% year-on-year, with import value increasing by 34%. The overall trend in the wine industry development has been on the rise. Due to the lack of strong brand effects among domestic wine enterprises in the high-end market, imported wines have filled this gap. Yongqi Han [3] also noted that from 2015 to 2017, imported wine experienced rapid growth for three consecutive years. In 2017, China's wine imports reached \$2.8 billion, an 18% increase year-on-year, with import volume reaching approximately 740,000 liters, a 17% increase from the same period in 2016. Faced with such impacts, a batch of domestic wine producers withdrew from the market, resulting in a passive position in terms of pricing and discourse power in the international market. However, in the first half of 2019, the development of the imported wine market showed a downward trend in both import quantity and value. This was mainly attributed to factors such as tariffs, exchange rates, and inventory, with domestic import wine enterprises primarily focusing on destocking. However, wine tourism, as a new form of tourism, has brought new development opportunities to the wine industry while providing consumers with choices and experiences. Wenlong Tang et al. [4] indicated that from 2012 to 2020, China's imported wine industry experienced intense market competition and transformation, with prospects for achieving sustainable development in the wine industry through strengthening intrinsic functions within the industry and nurturing wine culture.

3.2. Research on Wine Marketing Models

In Europe, North America, and Oceania, wine culture is deeply ingrained, making wine marketing research a relatively active field. Martinho [5] pointed out that wine is a strategic agricultural product in several countries worldwide, especially in Mediterranean countries. Besides the economic aspect, wine also has environmental, social, and cultural dimensions, all of which significantly impact the wine industry and should be considered when formulating marketing plans. Moreover, these dimensions undergo unique changes in different regions due to market factors, making it challenging to design appropriate marketing plans for the wine industry in international markets. Vergamini et al. [6] explored Tuscany, Italy, as a traditional wine-producing region primarily managed by small and medium-sized wineries. These wineries, compared to large companies and distributors, have limited market influence, making them perceived as weak and fragmented by multiple industry participants. The study discussed the origins of these marketing strategies and explored current and future trends in the Tuscan wine market to better understand how these factors, in combination with company activities, define regional settings and how they can be used to promote more effective and calibrated strategies for achieving greater economic sustainability in the industry. In China, wine marketing is still in a phase of learning and emulation. He Yiran [7] proposed systematically learning from French wine brand marketing strategies, which can provide a reference for the Chinese wine industry. The brand shaping strategy, brand quality strategy, brand promotion strategy, and brand management strategy of French wines are all worth studying and emulating. Peng Yong [8, 9] emphasized the importance of cultural marketing,

believing that cultural marketing plays an irreplaceable role in wine consumption. With its long history, wine can integrate Western culture and Chinese civilization, thereby achieving the effect of product promotion and enhancing corporate competitiveness. Zhao Yudan [10] emphasized the need for imported wines, especially those from Australia, to adopt a differentiation strategy, suggesting targeting contemporary young consumer groups and focusing on online sales channels.

3.3. Analysis of Wine Consumer Groups and Behaviors

Martinho [5] pointed out that young consumers typically consume wine outdoors during social gatherings and place importance on labels, often choosing wine when recommended by others. Older consumers tend to focus more on the variety and origin of wine. Foroudi et al. suggested that the level of education and frequency of international travel can influence consumers' habits and preferences in wine consumption. Campo et al. [11], through experimental research, concluded that background music in consumption venues may affect consumers' sensory experiences and preferences. Deng et al. [12] stated that incorporating celebrity endorsements into wine marketing can effectively promote products and increase sales. Calvo-Porrall et al. [13] also noted that compared to beer, celebrity endorsements have a more significant marketing effect on wine. Regarding changes in consumption behavior, Shao Zhuqing [14] suggested that firstly, the popularization of wine knowledge has to some extent elevated the level of consumer demand for products in the Chinese wine market, shifting from brand dominance to gradually transitioning to quality consumption. According to statistics by Liu Xihua et al. [15], current imported wine consumers are mainly highly educated post-80s and post-90s individuals, with a monthly income of approximately 8,000 RMB, with a low frequency of alcohol consumption but a strong willingness to increase wine consumption or frequency of drinking. Secondly, Chinese consumers have a certain understanding of the cultural history of wine, and most consumers acknowledge the health benefits of wine. Compared to domestic wines, Chinese consumers tend to affirm the quality of imported wines and choose to purchase or gift imported wines on important occasions to show their importance. In the selection process, consumers generally consider the country of origin as the primary factor, while brands and awards also influence consumer choices. Finally, in terms of purchasing locations, offline specialty stores remain the preferred choice for consumers, followed by supermarkets.

3.4. Research on the Current Development Status of Wine Marketing in the New Media Environment

Viana [16] pointed out that when consumers search for wine and wineries on the Internet, they are bombarded with a large amount of brand information, meaning that providing creative and refined content is crucial if a brand wants to attract attention. Therefore, producing quality wine is an essential part of the work, but afterward, it is necessary to give it the appropriate presentation, communicate accurately with consumers, and remember that digital marketing activities are in a state of evolutionary development. Three main communication tendencies can elicit different responses from consumers, with influencing factors including brand recall, relationship building, brand personality perception,

community awareness, and product performance perception. Cobelli and Wilkinson [17] suggested that wine suppliers should reduce the high uncertainty of online consumption and establish a multi-channel strategy to provide consumers with opportunities to view and taste wine offline, such as participating in specific events, and then promoting wine purchases online. Cui Na [18] pointed out that traditional imported wine retail enterprises, like traditional retail enterprises, have the advantage of experience and service in offline physical stores, but they also face higher costs. The rapid development of online stores, however, faces the disadvantage of insufficient experience and service. The concept of "data-driven" has become a guide for the deep integration of online and offline channels. Shen Jing [19] stated that there are numerous marketing platforms on the Internet, and wine prices are more transparent. Marketing costs are also lower compared to traditional marketing models, and marketing methods are more diverse. Companies should leverage external forces to capitalize on their strengths and mitigate weaknesses. To better understand the preferences of wine consumer groups, Chen Guangyu et al. [20] used wine review data from the "JD" shopping platform, comprehensively applying methods such as LDA topic modeling and IPA analysis matrix to study consumer focus factors and their satisfaction and attention levels, concluding that wine consumers primarily focus on product features, price features, logistics features, shopping experience, and customer service quality. V for João Pereira Domingues Martinho [5] suggested promoting imported wines together with other product services, such as wine tourism. Promoting wine tourism on online platforms, leveraging the power of self-media to attract tourists to wineries, and the history and scenery of wine-producing areas will become the best promotional materials, providing small wineries with additional income opportunities. Jia Yanzhe and Li Jiagui [21] proposed that directly connecting wine distributors with importers will enhance effective communication and provide more thoughtful services to the former, and cooperation between enterprises can also meet the needs of services, achieving a win-win situation.

4. Analysis of the Marketing Environment for Small and Micro Wine Companies in China

4.1. Macro Environment Analysis of Imported Wine Industry

4.1.1. Political-Legal Environment

China's formal accession to the WTO in 2001 marked a new stage of openness to the outside world. While adapting to its own development and reform characteristics, China's foreign trade policies also need to comply with WTO rules, with increased attention to import trade. In terms of policy, China has reviewed and streamlined its import policies and established a quota import system in the tariff system. According to statistics from the Ministry of Commerce, China's level of openness in goods and services far exceeds the standards promised at its accession to the WTO.

The 'Guiding Opinions on Strengthening Import Promotion to Promote Balanced Development of Foreign Trade' issued in April 2012 emphasized the need to pay more attention to imports and expand their scale while maintaining stable export growth in China. Since 2015, China has stopped

imposing tariffs on Chilean wine exports, leading to a large influx of affordable imported wines into the Chinese wine market. In 2017, the central government proposed to "actively expand imports" based on the requirement to "expand imports," further emphasizing the importance of import work. In 2019, China implemented a zero-tariff policy on imports from Australia, enabling Australian red wine to quickly capture market share in China and experience a surge in sales. With the development of foreign trade and the implementation of zero-tariff policies, the domestic imported wine business has been promoted and developed. In 2020, China formally joined the Regional Comprehensive Economic Partnership Agreement, realizing zero tariffs on goods and services trade with Australia, New Zealand, South Korea, Japan, and the ten ASEAN countries, as well as no trade barriers. The development of the "Belt and Road" initiative has further promoted trade between countries. According to statistics, in 2022, China's total trade volume with countries participating in the "Belt and Road" initiative reached nearly 787 billion RMB, a year-on-year increase of 135%. As of June 2023, 152 countries and 32 international organizations have signed cooperation documents with China for the "Belt and Road" initiative.

4.1.2. Economic Environment

Firstly, China's economy has continued to develop, with the gross domestic product steadily increasing. With the expansion of opening up and the deepening of free trade, China's economy has shown steady growth in recent years. In 2018, China's gross domestic product reached 91.9281 trillion RMB, an increase of 6.7% over the previous year. Due to the China-US trade war, China's GDP growth rate in 2019 slowed slightly compared to 2018, with a year-on-year increase of 6%. The impact of the COVID-19 pandemic also had a significant impact on China's economic development. In 2020, China's GDP totaled 101.3567 trillion RMB, with a year-on-year growth rate of only 2.2%. However, China's economic development level gradually recovered under the timely and effective scientific management of the government. In 2021, China's gross domestic product reached 114.9237 trillion RMB, a year-on-year increase of 8.4%.

Secondly, disposable income per capita has increased, and the Chinese people, who have solved the problem of food and clothing, have begun to yearn and expect a better life. In 2018, the per capita disposable income of residents was 28,228 yuan, with per capita consumption expenditure of 19,853 yuan, of which food, tobacco, and alcohol consumption expenditure was 5,631 yuan, an increase of about 5% compared to the previous year, accounting for 28.5% of the overall per capita consumption expenditure. Even in the affected year of 2020, the per capita disposable income of Chinese residents increased by 2.1% compared to the previous year, reaching 32,189 yuan, with consumption expenditure of 21,210 yuan, of which food, tobacco, and alcohol consumption expenditure accounted for 30.2%. In 2022, the national per capita disposable income was 36,883 yuan, with per capita consumption expenditure of 24,538 yuan, and per capita food, tobacco, and alcohol consumption expenditure continued to increase, reaching about 7,481 yuan, accounting for 30.5% of per capita consumption expenditure. It can be seen that in recent years, the consumption demand for food, tobacco, and alcohol among Chinese residents has been gradually increasing, see Table 1.

Table 1. GDP, per capita disposable income, per capita consumption, and per capita expenditure on food, tobacco and alcohol consumption from 2018 to 2022

Year	GDP (billion yuan)	*PCDI (yuan)	*PCC (yuan)	*PCEFTAC (yuan)
2018	91,928	28,228	19,853	5,631
2019	98,652	30,733	21,559	6,084
2020	101,357	32,189	21,210	6,397
2021	114,924	35,128	24,100	7,178
2022	121,021	36,883	24,538	7,481

*PCDI: Per capita disposable income.
 *PCC: Per capita consumption.
 *PCEFTAC: Per capita expenditure on food, tobacco and alcohol consumption.

4.1.3. Socio-Cultural Environment

From the perspective of the social environment, there has been a significant increase in the level of education among the Chinese population. According to data released by the National Bureau of Statistics, in 2018, the population with a college education or above in China accounted for 13% of the total population, an increase of 4.1% compared to the statistics in 2010. At the same time, there have been noticeable changes in the distribution of China's labor force compared to the early stages of reform and opening up. In 2021, the proportion of China's middle-class and above was approximately 11.8%, with Beijing, Shanghai, and Guangzhou having nearly 50% of middle-class families.

Part of the main consumer group for imported wines consists of individuals with high levels of education and income. The improvement in China's social environment undoubtedly provides impetus for the development of imported wine businesses.

From a cultural perspective, influenced by Western wine culture dissemination, the younger generation of consumers tend to prefer wine when choosing alcoholic beverages. According to statistics, the younger consumer groups born in the 1980s and 1990s have become the main consumer groups for wine consumption. In 2022, the population in China aged 24 to 43 accounted for approximately 30% of the total population, receiving more open and inclusive cultural influences. Naturally, this demographic is more willing to try imported wines that offer them a sense of freshness, with France, Italy, Australia, and Chile being widely favored. As public understanding of wine culture deepens, the older generations born in the 1960s and 1970s also recognize the health benefits of wine. When pursuing better health benefits, they tend to choose imported wines with guaranteed quality and taste.

4.1.4. Scientific and Technological Environment

The quality of grapes and the winemaking process are at the core of wine production technology. Unlike beverages made from grains, the raw materials for wine production have very high standards and requirements for variety, soil, climate, sunlight, and precipitation. Wines made from different grape varieties can vary significantly in taste, and even the same grape variety can produce wines with significant taste differences due to variations in weather, rainfall, and sunlight duration in different years. In this regard, Europe, the Americas, and Oceania have certain advantages, especially Europe, which is a major exporter of wine and has a rich history of grape cultivation and winemaking experience, serving as the birthplace of grape cultivation and winemaking culture.

European wine exports have always ranked first globally, and countries such as Italy and France, as representatives of traditional wine-making techniques, are not only experienced in grape cultivation but also globally renowned for winemaking techniques and technology. In today's era of rapid technological development, countries in the New World of wine, such as the United States and Australia, choose mechanized harvesting, winemaking, and wine production to ensure the stability of wine production through standardized mechanized operations. However, in the Old World of wine, European countries still adhere to the spirit of craftsmanship, with manual harvesting, handcrafted winemaking, and strict quality control to ensure the taste and quality of wine. Both production methods in Western countries are mature enough, producing stable and high-quality products. Compared to China, where grape varieties are somewhat limited and winemaking technology is not yet fully mature, the advantages of imported wines are self-evident.

5. Analysis of the Development of the Imported Wine Industry in China

5.1. Overview of the Development of the Imported Wine Industry in China

Following China's accession to the World Trade Organization, there has been a large influx of imported goods, with imported food and beverages particularly favored by the Chinese populace. The variety of imported goods has seen a rapid increase, and the imported wine market has similarly experienced rapid development. With economic growth, the overall living standards of the populace have risen, leading to an increased demand for high-quality products. Imported wine, with its premium quality, has captivated numerous Chinese consumers, resulting in a consecutive, substantial increase in import volumes. In 2002, China imported approximately 30,000 liters of wine. From 2002 to 2010, there was a significant increase in annual wine imports, with an average annual growth rate of approximately 30%. In 2010, the volume of imported wine into China increased by about 63% compared to the previous year, demonstrating a remarkable growth rate, and its market share exhibited a clear upward trend in the Chinese wine market. From 2006 to 2007, the market share of imported wine in the Chinese wine market increased by approximately 3.5%, rising to 10%, and further increased to 15% in 2011. In 2015, the volume of wine imports increased by approximately 45% year-on-year, and since the "active expansion of imports" in 2017, the share of imported wine in the Chinese wine consumption market has exceeded one-quarter, reaching over 30% in 2019.

In terms of market segmentation, the position of imported wine in the high-end wine market in China is unshakable, with virtually no domestic brands able to compete with imported wine brands. According to statistics, from 2015 to 2019, the consumer base for wine consumption in China expanded rapidly, with the annual average sales growth rate in the high-end imported wine markets in Beijing, Shanghai, and Guangzhou remaining between 30% and 45%. Turning to the mid-to-low-end market, in the past, domestic wines could still carve out a niche in the low-end wine market due to their low prices. However, with the expansion of import volumes and adjustments in tariff policies, large quantities of low-priced imported wines with decent quality caught the attention of consumers. Domestic wines gradually lost their price advantage, and consumers in the mid-to-low-end market

tended to choose cost-effective imported wines.

However, affected by the COVID-19 pandemic, China's wine import volume decreased from 2020 onwards. In 2021, the total consumption of imported wine in China was approximately 620,000 liters, and in 2022, the total volume of imported wine was approximately 335,000 liters, a decrease of about 21% year-on-year. According to data released by the General Administration of Customs of China, in the first half of 2023, the total import volume of wine in China was approximately 120,000 liters, continuing to show a downward trend compared to the same period in 2022, with a year-on-year decrease of about 17%. However, the current situation of the Chinese wine market is not as dire as the data suggests. From the perspective of the consumption market, the consumption of wine in China shows a positive trend compared to the previous two years. The current decline in data is due to the impact of the pandemic over the past three years, which affected the normal operation of most sales channels, resulting in a large backlog of goods. Some time is still needed to sell off this inventory, leading to a gap between import volume and sales volume.

5.2. Analysis of the Development Trends in the Domestic Imported Wine Industry

Following the pandemic, as the economy rebounds and consumption recovers, the evolving landscape of the imported wine market in China is poised for development, presenting both challenges and opportunities in the future. Changes in policies, economic development, and cultural exchanges will influence the direction of market development, leading to transformations in the Chinese imported wine market in various aspects.

Firstly, the competition in the imported wine market is bound to intensify. With the increasing number of countries enjoying convenient customs clearance and zero tariff treatment, the average price of imported wine continues to decline. In the coming years, wine brands will pay more attention to building their brands, focusing on product quality internally, strengthening connections with consumers externally, and disseminating brand culture to consolidate and expand market share.

Secondly, there will be an increase in the diversity of production regions and varieties. In the future, the consumer base for wine consumption will be dominated by the younger generation, born in the 1980s, 1990s, and even the 2000s, who exhibit a much higher curiosity and acceptance of emerging trends compared to their predecessors. They are more willing to try and accept unique niche production regions and distinctive flavor profiles. Consequently, more production regions and products will be introduced into the Chinese imported wine market to cater to consumer choices.

Thirdly, the services provided through online purchasing channels will become more sophisticated. Nowadays, e-commerce platforms have become the primary consumption channels for Chinese consumers. In the future, wine brands will continue to interact with consumers through e-commerce platforms, enhancing and improving consumers' shopping experiences and satisfaction levels.

Lastly, Western wine culture and knowledge will receive further dissemination and attention. With deepening cultural exchanges, an increasing number of Chinese consumers, while focusing on wine quality, are becoming more interested in wine culture, etiquette, and tasting knowledge. Over the next few years, there will be more attention given to wine

brewing and wine tasting. As Western wine culture continues to spread, consumers' understanding of wine culture will be further enhanced.

5.3. Analysis of Domestic Customer Demands

As the wine consumption market gradually expands, consumers' consumption concepts are evolving, influenced by factors such as quality, variety, price, brand, culture, dining, sales channels, and lifestyle, resulting in increasingly diverse consumption demands.

5.3.1. Quality Requirements

Chinese consumers' demands for wine quality continue to rise, with a preference for high-quality and superior-tasting wines. Wines exported from renowned wine-producing regions such as France, Italy, and Spain are particularly loved and sought after, as consumers generally believe that wines from these countries have higher quality. In 2022, the main importing countries and their respective proportions in the Chinese imported wine market were as follows: France 46.1%, Italy 9.5%, Chile 22.8%, Spain 7.13%.

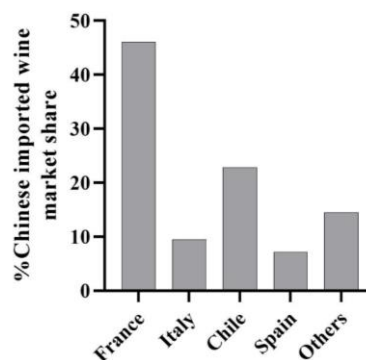


Figure 1. The proportion of major importing countries in China's wine market

Data source: WINE CHINA.

5.3.2. Variety and Flavor Profiles

Chinese consumers typically have diverse demands for wine varieties and flavor profiles. While red wine holds a dominant position in the market, there has been increasing attention on white wine, sparkling wine, and rosé wine in recent years due to their unique flavor profiles. About 34.5% of consumers prefer dry wines, while 37% prefer semi-sweet wines. In terms of gender analysis, compared to 50% of male consumers, 61% of female consumers tend to choose semi-dry or sweet wines. With diverse taste preferences, there is a natural demand for product diversity in the market.

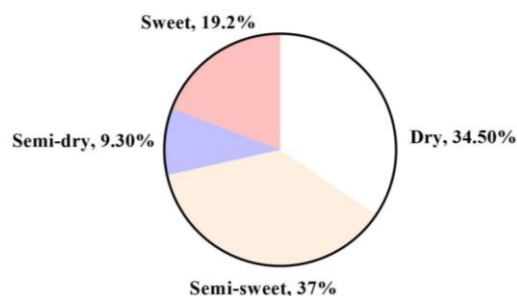


Figure 2. The proportion of Chinese consumers' preference for different types of wine

Data source: WINE CHINA.

5.3.3. Price Sensitivity

Differences in consumption habits lead to varying degrees of price sensitivity among Chinese consumers, although overall, they are highly sensitive to prices. On one hand, some

consumers, attracted by low-priced wines with good quality, choose such products for daily consumption, showing high sensitivity to prices. On the other hand, high-end consumers or those with special occasion consumption needs are willing to increase their budgets to purchase expensive high-end wines. While this group is less sensitive to wine prices, they

still consider price as a factor. In 2017, the average price per liter of imported wine in China was approximately \$4.67, with an annual consumption volume of about 1.9 billion liters. However, with rising prices, the annual consumption volume decreased to 1.3 billion liters in 2020, reaching the highest average price per liter in nearly a decade, at \$6 per liter.

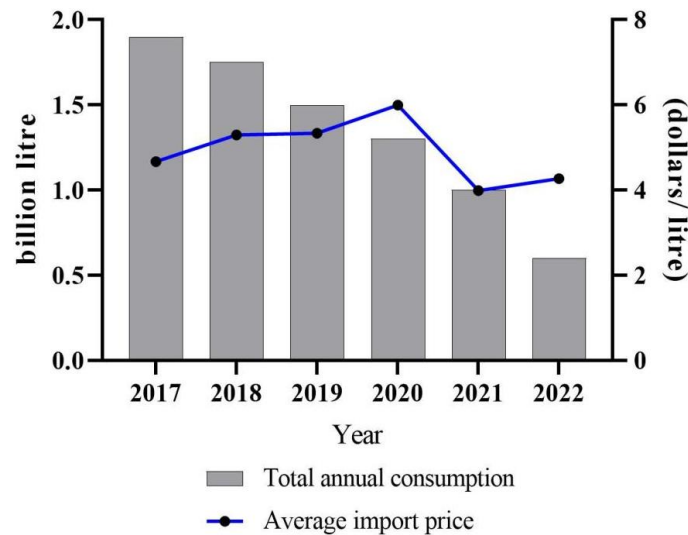


Figure 3. Comparison between total consumption of imported wine and average import price in China from 2017 to 2022

Data source: WINE CHINA, China Wine Online.

5.3.4. Dining Culture

Chinese dining culture influences consumer demand for wine. Wine can be paired with various dining styles and specialty dishes, leading consumers to seek wines that complement their meals. More than 70% of consumers indicated that they generally drink wine at formal occasions

such as business banquets, while 54% of consumers would choose wines that match their dishes for daily meals at home. In terms of purchase reasons, the frequency of personal consumption needs exceeds that of business banquet needs.

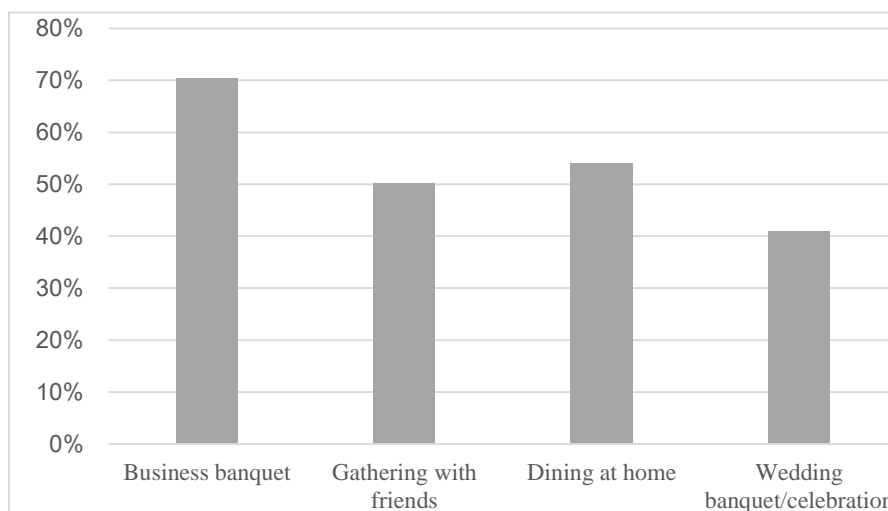


Figure 4. Composition of drinking occasions of Chinese imported wine consumers

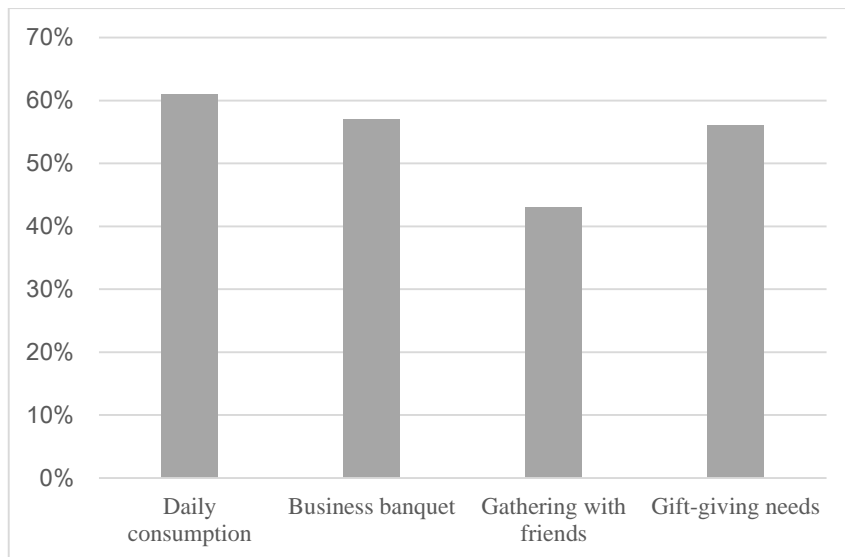


Figure 5. Composition of reasons for buying imported wine in China

Data source: China Wine Online.

5.3.5. Sales Channels

The continuous development of the Chinese e-commerce market plays a significant role in promoting wine consumption through online channels. However, traditional offline retail channels still dominate, especially among older consumer groups. According to statistics, among imported wine consumers aged 18 to 60, approximately 22.22% of

them purchase wine through online channels, with the age group mainly concentrated between 18 and 30 years old. Consumers aged 40 to 60 mainly purchase imported wines through wine specialty stores and supermarkets, with wine specialty stores being the main purchasing channel for this age group.

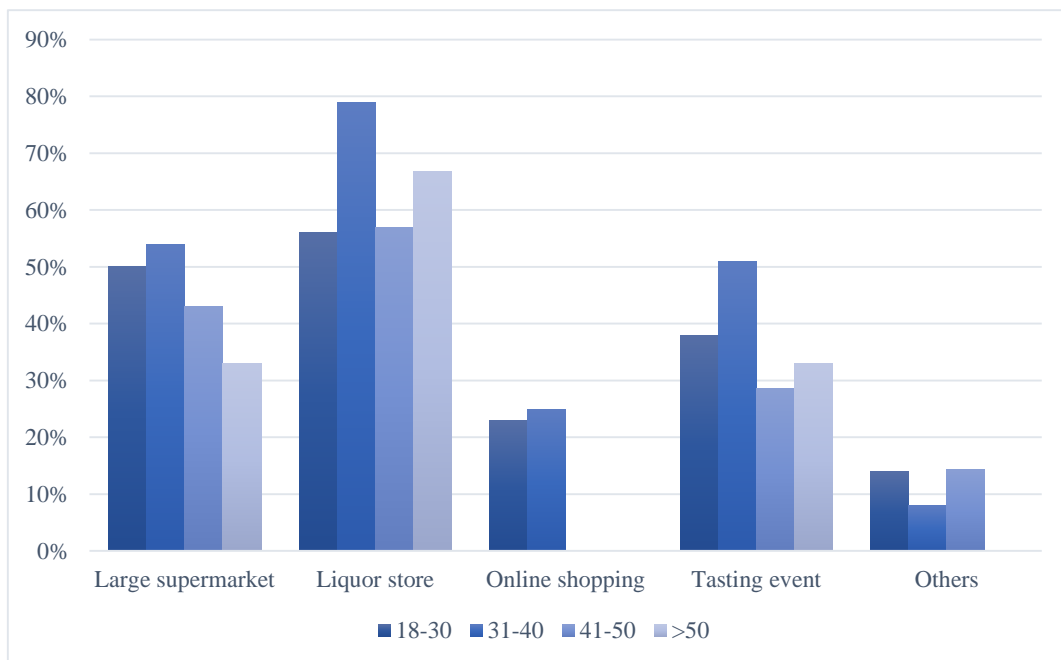


Figure 6. Consumer consumption channels in China's imported wine market

Data source: China Wine Online.

5.3.6. Education and Tasting

The growth of the Chinese wine market has greatly promoted the rise of wine education and tasting culture. Consumers are more willing to understand wine-related information such as origin, variety, brewing techniques, and taste before or during consumption. Providing wine-related information and cultural sales services is the preferred choice for Chinese consumers. Furthermore, as consumers' understanding of wine culture deepens, offline tasting events have become one of the purchasing channels. Over 50% of consumers aged 31 to 40 expressed a preference for

purchasing imported wines through tasting events.

5.3.7. Healthy Living

Chinese consumers' concern for health also drives wine consumption, increasing the demand for wine. Due to the antioxidant and anti-aging properties of red wine, it has long been regarded as a health-promoting beverage. As more consumers seek health benefits from wine consumption, the demand for wine continues to grow.

6. Optimization Suggestions for Marketing Strategies of Small and Micro Wine Import Companies

6.1. Marketing Strategy Optimization from the STP Aspect

Currently, both the Chinese economic development situation and the imported wine market are in a stable and positive development phase, and the wine consumption market has gradually shown a trend of diversification in recent years. In the current development situation where the import wine business of small and micro wine companies is not optimistic, it is necessary to reorganize their human and financial resources and formulate marketing strategies suitable for their development from three aspects: market segmentation, target market, and market positioning.

6.1.1. Market Segmentation

The importance of market segmentation lies in its contribution to helping enterprises better understand and adapt to the diversity of consumer needs, improve the speed of response to market changes and developments, and effectively meet the needs of different consumer groups, thereby gaining advantages in market competition. By dividing the entire market into subgroups with similar needs or characteristics based on different criteria, small and micro wine import companies can more accurately understand and meet the needs of different segmented markets. By understanding the characteristics of different segmented markets, small and micro wine companies can carry out targeted publicity, promotion, and sales, attract target customer groups, establish close relationships with customers, increase sales volume, and achieve the goal of increasing revenue levels.

Currently, market segmentation criteria can generally be divided into two main levels: macro and micro. Macro-level segmentation criteria mainly include geographical location and population characteristics, while micro-level criteria mainly include consumer psychological and behavioral characteristics, product usage characteristics, and customer relationship characteristics.

As the small and micro wine import company has not conducted market segmentation before, considering the current development situation and demand, we will start from the macro-level geographical area and population characteristics, and then stand on the micro-level to analyze the market from the perspectives of consumer behavior psychology and product usage characteristics.

(1) Macro-level

1.1) Geographic Location

There may be significant differences in the awareness and purchasing power of consumers of imported wine at different levels of cities. First- and second-tier cities often have higher demand for imported wine, and consumers' tastes and preferences for wine may differ from those in third- and fourth-tier cities. The development of the import wine business of small and micro wine companies should focus on the Jiangsu-Zhejiang-Shanghai region, mainly developing cities such as Shanghai and southern Jiangsu. The differences in economic levels and cultural backgrounds make the import wine market have the following advantages when developing in first- and second-tier cities:

Firstly, there is a concentration of high-income groups. Residents in these areas generally have higher living

standards and purchasing power.

Secondly, there is a high degree of internationalization. Residents in these cities have more opportunities to come into contact with foreign cultures, are more inclusive of foreign cultures and products, and have a wider acceptance of imported wine.

Thirdly, there is a relatively mature consumer mindset. Residents in these areas usually have a relatively mature consumption concept regarding wine, with some understanding of the origin, brand, and taste of wine. Therefore, imported wine is more easily accepted and becomes a consumption trend.

Fourthly, there are developed retail channels. High-end supermarkets, wine chateaus, and imported food supermarkets are relatively common in these cities, providing more sales opportunities and display space for imported wine.

Fifthly, there are abundant cultural activities. Wine exhibitions, wine cultural activities, wine-tasting events, and wine classes are more common in these cities, providing opportunities for publicity and promotion of the import wine business and helping to establish brand awareness.

2) Population Characteristics

According to income levels, consumers can be divided into high-income and middle-income groups. The import wine business of small and micro wine companies should mainly target middle-income customer groups. High-income groups often pursue a higher quality of life and are willing to buy high-priced, high-quality imported wine, while middle-income groups focus more on cost-effectiveness and prefer moderately priced products.

According to age groups, consumers can be divided into young, middle-aged, and elderly consumers. The import wine business of small and micro wine companies should focus on young consumer groups who are willing to try new things and pursue novelty. They are more interested in wine culture compared to elderly consumers who prefer traditional brands and origins and focus on the health attributes of wine. Middle-aged consumers generally have some understanding of wine, focus more on quality and taste, value cost-effectiveness, and tend to have trust and affinity for certain products, making them a relatively loyal customer group.

In terms of gender, female consumers are gradually rising, with increasing willingness and ability to consume in the alcohol market. According to the survey results mentioned earlier, over 50% of the respondents are female alcohol consumers.

(2) Micro-level

2.1) Behavior and Psychology

In terms of purchasing channels, they can generally be divided into online and offline channels. The import wine business of small and micro wine companies should fully understand and attach importance to the importance of offline channels, focusing on carrying out offline channel marketing activities. Online channels mainly include e-commerce platforms, where consumers can satisfy their purchasing needs for imported wine anytime, anywhere. Platforms such as TikTok, Taobao, Tmall, JD.com, and TEMU are commonly used online shopping channels for consumers nowadays. Offline channels for purchasing imported wine mainly include imported food supermarkets, wine chateaus or specialty stores, Western restaurants, and bars, which usually provide consumers with more professional services and a more intuitive shopping experience. Compared with online channels, offline channels can stimulate consumers' desire to

purchase through tasting, smelling, and observing, enhancing consumers' awareness and recognition of products.

From a consumer psychology perspective, product categories should be diversified to provide more high-quality and special niche products. Currently, young consumer groups in the consumer market are usually curious and pursue novelty, choosing to buy imported wines they have not tried before. Another part of the consumer group aims to meet basic needs when purchasing, usually for personal use, so they pay more attention to quality and cost-effectiveness.

2.2) Product Usage Characteristics

The drinking scenes of imported wine usually revolve around business banquets, family gatherings, and friend gatherings. Consumers with demand for business banquets are more inclined to choose medium to high-end wines at higher prices to meet the requirements of consumption scenes and dining standards. However, in the drinking scenes of family gatherings or friend gatherings, most consumers will first consider the cost-effectiveness of the product. While paying attention to the price, they also value the quality of the product.

6.1.2. Target Market

Based on the above analysis of market segmentation and considering the development status of the import wine business of small and micro wine companies, the following recommendations can be made regarding the main target markets:

Firstly, in terms of geographic location, it is advisable to retain the business development of the import wine business of small and micro wine companies in Beijing and the Jiangsu-Zhejiang-Shanghai region, focusing on Shanghai as the primary target market.

Secondly, considering the characteristics of the target population, consumer behavior, and consumer psychology, as well as the analysis of the niche product characteristics and premium wines produced by renowned chateaus, the future target customer base of the import wine business of small and micro wine companies could be focused on young female white-collar professionals who pursue novelty and middle-income consumers who value product cost-effectiveness.

Thirdly, in terms of channels, the focus of the import wine business of small and micro wine companies should be shifted partially to offline channels, such as import supermarkets, Western restaurants, and bars. Due to the imported nature of the products, most consumers classify imported wine as beverages for specific occasions, so promoting and selling in these places can significantly broaden the sales channel coverage and attract the attention of target groups. Regarding online channels, diversified development through multiple channels should be emphasized. Promotional efforts should be intensified on platforms and channels that are more commonly used by women, reinforcing advertising efforts to attract more potential young female consumers.

Fourthly, when segmenting the market based on drinking occasions, the import wine business of small and micro wine companies should promote niche products to meet the demand for imported wine at family gatherings and friend gatherings. Control over product cost-effectiveness should be emphasized, and the focus should shift away from a strategy solely based on low prices while ensuring stable quality.

6.1.3. Market Positioning

Firstly, in the face of fierce competition and strong competitors in the import wine market, the import wine business of small and micro wine companies needs to be more

flexible and differentiated in its market positioning. It should fully integrate existing resources, reasonably allocate and utilize physical and human resources, and capitalize on its strengths and weaknesses. Focus on strengths and avoid weaknesses, concentrate marketing efforts on high-value niche products currently available for sale, and then amplify these core products for promotion in target markets.

Secondly, the import wine business of small and micro wine companies currently adopts a somewhat conservative operating philosophy and approach, and its responsiveness to the market is not agile enough. It can fully utilize its advantage of small size and high flexibility to timely and flexibly adjust its market positioning and product strategies according to the constantly changing market conditions, thereby achieving better performance in the competitive market.

Unable to directly compete with major brands, the import wine business of small and micro wine companies can steadily develop in target-segmented markets through differentiation strategies. It can conduct comprehensive analysis and classification of currently available products, identify products with unique qualities, unique craftsmanship, interesting brand stories, or novel flavors, and promote these products to fully leverage its product advantages and characteristics. While suppliers and wine-producing regions may be similar to many competitors, focus on small-volume niche products and provide detailed services to satisfy consumers' curiosity about such products in terms of taste, culture, and winery location.

In fine-grained market segmentation, focus on developing businesses in key development areas, consumer groups, and product types identified earlier. Instead of relying on a low-price strategy, use regular promotions to enhance product competitiveness.

While using online e-commerce platforms for sales, it is essential to rely primarily on online channels to increase product exposure. Participate as much as possible in special sales events, anniversaries, and cross-border e-commerce activities on e-commerce platforms to enhance product visibility and expand sales channels. Additionally, user sharing and recommendations are crucial for this business. Establish partnerships with food bloggers, wine bloggers, and study-abroad bloggers through social media platforms to improve brand awareness through word-of-mouth marketing.

Strengthen the geographical characteristics of imported wine, promote the charming natural landscapes and long brewing history of chateaus and wine-producing regions to satisfy consumers' curiosity, and effectively conduct publicity. Regular offline tasting events can fully promote and publicize products, establish connections with consumers through interaction, and enhance brand awareness and affinity.

6.2. Optimization Suggestions for the 4Ps Marketing Strategy

6.2.1. Product Strategies

The product strategy is the most crucial element among the four components of marketing strategy. It directly impacts the overall competitiveness of the marketing strategy, helping businesses enhance brand awareness, meet consumer demands, and stand out in the market.

The import wine business of small and micro wine companies should differentiate its product line by offering a diverse range of wine products, including different wine-producing regions, grape varieties, winemaking techniques,

and winery grades, to cater to the taste preferences and curiosity of different consumers. Additionally, the introduction of new products regularly is recommended. This can be achieved by regularly introducing new wine series or exclusive products in collaboration with partner wineries. Continuously launching new or limited-edition products can maintain consumer interest and stimulate curiosity. Furthermore, the packaging design should be upgraded and improved. Meticulously designed wine packaging not only attracts consumers' attention on the shelves but also enhances the product's added value, thereby increasing sales.

In terms of services, the business should integrate with the local culture and traditional characteristics of the target market to a certain extent. It should launch a wine series that aligns with the local consumers' dietary preferences. For example, introducing a red wine series suitable for pairing with dishes such as Peking duck and hot pot in the Beijing market, or introducing a white wine series suitable for pairing with seafood in the Zhejiang market. This approach better meets market demands and increases the product's appeal. Moreover, collecting customer feedback through customer surveys, social media interactions, and other means is essential. This direct approach helps understand consumer preferences and expectations and continuously improves products and services based on feedback.

6.2.2. Pricing Strategies

Considering the brand positioning, target market, and development situation of small and micro wine companies, their import wine business should no longer rely on a low-price strategy. Especially since consumers are not willing to pay for low prices at present, it is evident that the previous pricing strategy is no longer viable. For niche products, a flexible pricing strategy can be adopted, adjusting prices promptly based on seasons and market demands to ensure sensitivity. For basic products, a fair pricing strategy can be implemented, emphasizing cost-effectiveness to make consumers feel that the product is worth purchasing. As the product line becomes more diversified, pricing can be based on the differentiation characteristics of the products. Higher prices can be set for high-end products, while entry-level products can be offered at affordable prices. Regular evaluation and analysis of sales data, market feedback, and competitive conditions should be conducted to flexibly adjust the pricing strategy according to the actual situation, ensuring that the business maintains a competitive advantage in the dynamic market.

6.2.3. Marketing Channel Strategies

The import wine business of small and micro wine companies needs to adopt a multi-channel sales strategy in marketing channels. By utilizing diversified sales channels, in addition to maintaining online channels such as e-commerce platforms, it can also conduct marketing activities in offline retail, catering, and hotel channels to increase product visibility in the market, cover a wider range of target customer groups, and promote sales growth.

Regarding online channels, on the one hand, optimizing e-commerce platforms such as TikTok, Taobao, Tmall, JD.com, and TEMU to establish stable online sales channels is essential. Optimizing product display pages, providing clear product information, and high-quality product images to attract consumers' attention are crucial. On the other hand, establishing its own online sales platform can also be considered, selling products directly through official websites or apps to broaden the brand's direct sales channels.

In terms of offline channels, cooperation with import supermarkets to place products in the imported food section can increase product exposure in the target market. Additionally, collaborating with wine specialty stores, Western restaurants, and bars to sell and promote products in these venues can enhance brand visibility and recognition.

6.2.4. Promotion Strategies

Small and micro wine companies that have been neglecting brand promotion and publicity in their import wine business should make changes to enhance brand awareness, attract target consumer groups, and achieve sales growth through the following approaches:

Firstly, in online promotion, utilizing digital channels for promotion can help target customer groups more accurately and enhance promotion efficiency and brand awareness. Social media advertising and cooperation are particularly effective. Collaborating with social media influencers such as food bloggers, wine bloggers, and even beauty bloggers who have a large following, to increase brand exposure through their fan base, conducting wine reviews, and sharing. Additionally, online wine-tasting events have become a popular trend in recent years. Organizing wine knowledge lectures and tasting events on online platforms, inviting renowned wine experts or winery owners for tasting exchanges, attracting consumer participation, increasing customer stickiness, and enhancing product awareness.

Secondly, in offline promotion, organizing wine tasting events, promotion activities, etc., in various target markets can interact with consumers face-to-face, enhance brand affinity, encourage consumers to provide authentic feedback and evaluations for products, actively participate in word-of-mouth marketing, and establish a positive brand reputation. Participating in or sponsoring wine-related events is also a worthwhile promotion strategy, such as wine exhibitions, cultural arts festivals, or gourmet festivals, which can help the business quickly reach more consumer groups and develop potential customers. According to the characteristics of wine consumption scenes, collaborating with local Western restaurants in the target market is feasible. Leveraging market resources in the main business of imported food business, collaborating with some restaurants and bars to introduce products into their menus directly targets the consumer groups. Additionally, collaborating with beauty brands for promotion can enhance visibility among female consumers through beauty brand exhibition areas or activities.

Finally, producing high-quality promotional videos and photos to visually convey the high quality and uniqueness of the products can attract the attention of potential consumers. Also, attention should be paid to the frequency of updates to maintain regular updates of promotional materials, share wine knowledge, and tasting experiences, and enhance the brand's professional image.

7. Conclusion

In conclusion, the Chinese wine import market presents a dynamic and growing opportunity for small and micro wine import companies. With China's increasing economic development, rising living standards, and evolving consumer preferences, there is a clear shift towards quality over price, particularly among younger consumers. The market is influenced by various factors, including globalization, trade liberalization policies, and the rise of e-commerce, which have collectively contributed to the thriving sales of imported

wines. However, to capitalize on these opportunities, small and micro wine import companies must adapt their marketing strategies to align with the changing landscape. This includes understanding consumer behavior, leveraging digital marketing, and optimizing the 4Ps (Product, Price, Place, Promotion) to meet the diverse needs of the market. By focusing on quality, embracing cultural marketing, and targeting the right consumer segments, these companies can position themselves for sustainable growth in the competitive wine import industry.

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