

d'Arenberg Exporting Red Wine to China

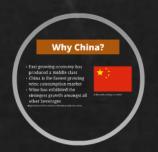


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Introduction to the company

- d'Arenberg is located in McLaren Vale, SA
- Joseph Osbourne purchased the vineyard in 1912
- His son (Frank) constructed the cellars in 1927
- The first vintage was produced in 1928
- d'Arenberg label and "red stripe" was introduced in 1959
- Predominately family run SME (d'Arenberg 2013b)







(d'Arenberg 2013b)

Market research

Table 2. – Wine Consumption, Leading Countries (thous. hectoliters)

				% Change
Country	2008	2009	2010	2008-10
France	30,800	29,304	29,438	-4.4%
US	27,950	27,250	27,110	-3.0%
Italy	26,166	24,600	24,500	-6.4%
G erm arry	20,747	20,250	20,205	-2.6%
Spain	12,790	11,271	10,600	-17.1%
China	6,991	8,948	10,500	50.2%
sub total	125,444	121,623	122,353	-2.5%
Rest of World	119,756	114,877	113,947	-4.9%
Total	245,200	236,500	236,300	-3.6%

(Global Economic Intersection 2011)

Why China?

- Fast growing economy has produced a middle class
- China is the fastest growing wine consumption market
- Wine has exhibited the strongest growth amongst all other beverages

(Department of Environment and Primary Industries 2010)



(EnhancedLearning.com 2010)



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Culture

Growth in Economy & better quality of life

- Second largest economy (PPP)
- Rapid growth in the economy benefiting the middle class
- · Decline in unemployment
- · Expected growth in the economy

Wine preferences

- · International brands are more popular
- · Red wine is popular similar to tea
- · Smooth, medium-bodied red wines E.g. Cabernet Sauvignon, Merlot, Shiraz
- · Low alcohol tolerance
- Australian wine fruity, berry, vanilla

Demographic consumption patterns

- Change in alcohol consumption
- Growth in women consuming alcohol
- Consuming alcohol has become part of mainstream culture
- · After work drinks are more common
- 50% of wine consumers age from 25 44 (Daxwe Consulting 2013)

Geographic consumption patterns

- Traditionally more
- dominant in the north Culture is becoming more
- westernised · Bars and hotels in urban
- Guangzhou, Shanghai and Beijing

Cultural trends

- Health and awareness increase
 Demand for premium products has risen
 Brands are important to fashion-conscience
- demographic

 Wine considered as a luxury product -
- having "face"

 Imported wine are used as special gifts -
- Social status and cultural sophistication
- · Sign of wealth.

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(Agriculture and Agri-Food Canada 2010)