

Market entry guide for Irish spirits in Guangdong

March 2021

BORD BIA
IRISH FOOD BOARD



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► Introduction

Is there a relevant opportunity in the market?

YES! Not because of the market size yet, but because of the **growth**, the **position** and **expectations**. That means, considering the level of interest and investment from the industry, and the **attraction** and **consumer profiles** involved, we believe that **the market is taking off** and it is a **good moment** to be considered seriously.

When?

Shall the decision be made to go ahead, **as soon as possible!**

What?

Whiskey as **spearhead**, gin following, cream liqueur only piggybacking for now.

What is the sales target?

- From our reasarch, an ideal —but realistic—, **sales target per brand** for the 1st year would be up to **500 cases** (12 bottles per case), with a **20%-30% growth** in the next 2-3 years.
- Market would only absorb a limited number of new brands at first.

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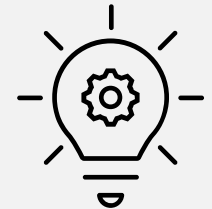
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► Spirits consumption in China

Key ideas

- Rapid growth in disposable income, **value** growing considerably, less so in **volume**.
- 98% of the spirits market is the **traditional Chinese *Baijiu***.
- **Imports of foreign spirits are low**, but growing in certain categories and making an impact among **affluent young consumers**.
- **Declared spirits imports and sales volumes are greatly under represented**, due to fake and smuggled imports, and the parallel market.
- Consumers have **high willingness to spend on new brands** while at the same time showing **low product knowledge**; **promotion play a key role**.
- This small consumption is concentrated by channel and geographically and **growing online**, which allows to focus the resources.
- However, the **market potential is desired by many** worldwide, particularly large **multinationals**, so **competition is strong**, particularly for the mainstream consumers.

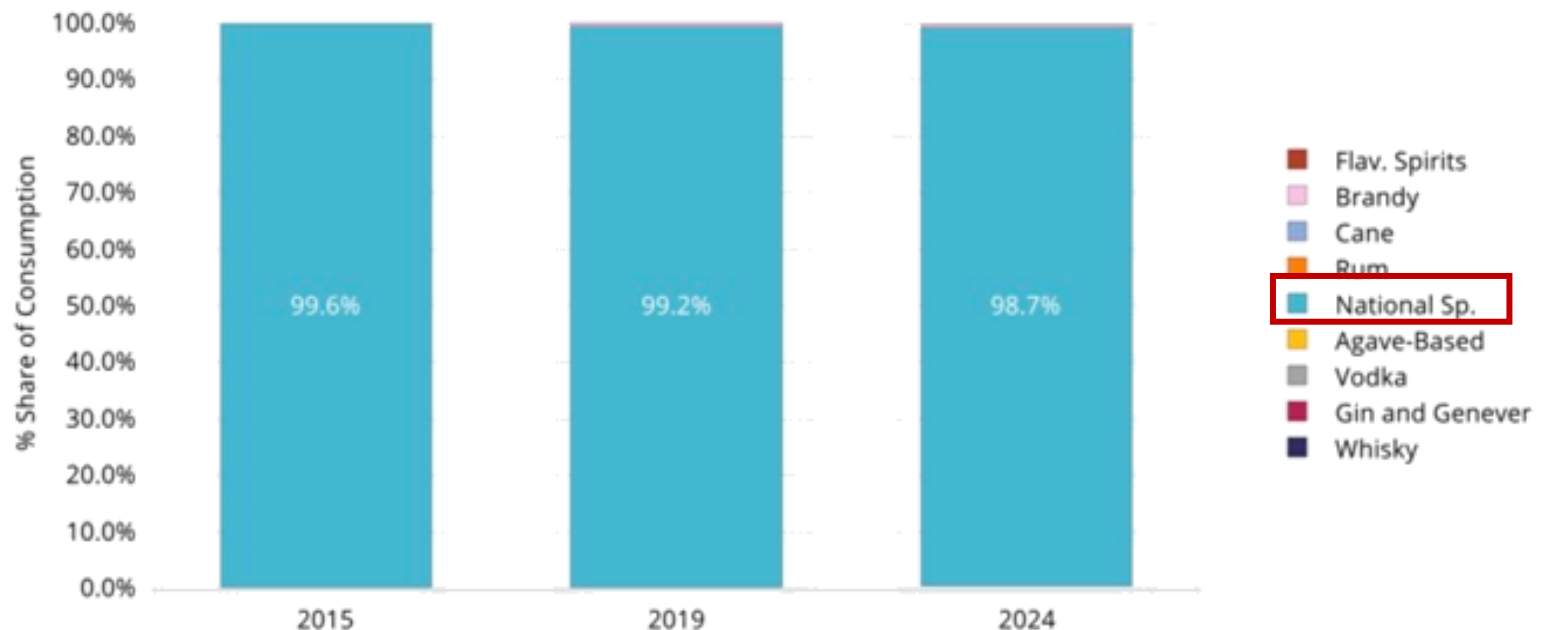


Source: IWSR, Eibens

► Spirits consumption in China

- Consumption is extremely concentrated in domestic spirits (*baijiu*).
- Imported spirits represent barely 1% of total consumption.
- However, in absolute terms, this “low” value exceeds more developed markets, like Australia or South Korea.

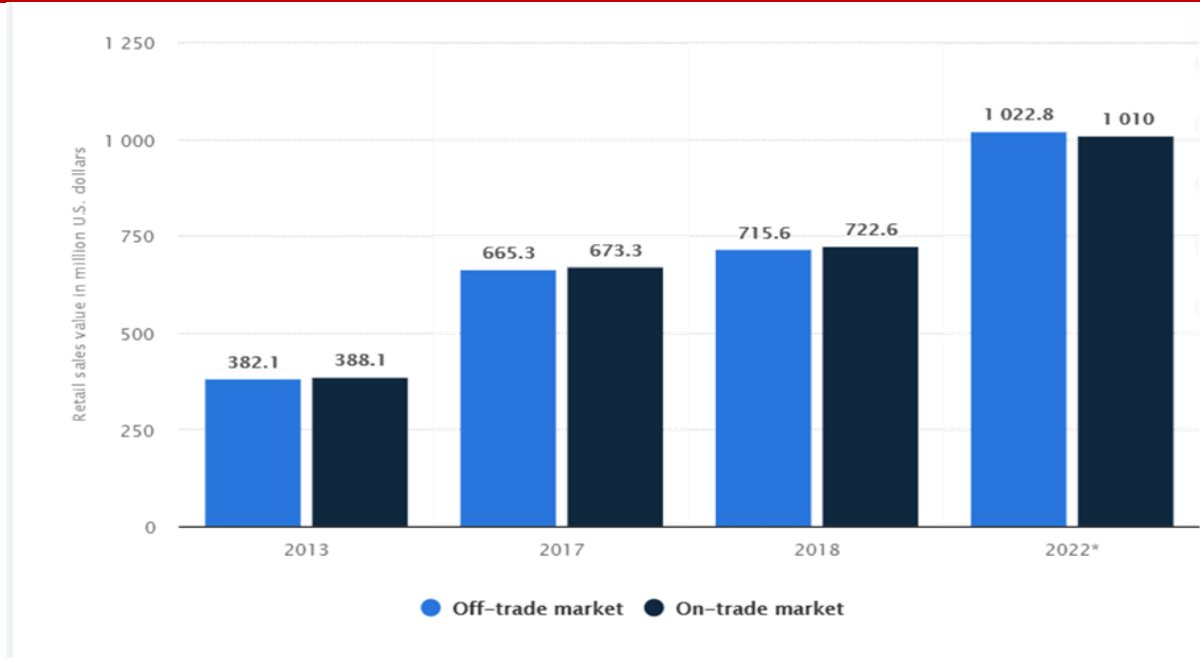
Spirits: Share By Category



Source: IWSR

► Spirits consumption in China

Whiskey sales in China (2013-2018) and 2022 forecast, by sales market



- Information from Eibens fieldwork is aligned with data shown in the graph, suggesting that about **50% of imported spirits are consumed in foodservice and hospitality channels (on-trade market), while the other half goes to retail channels.**
- E-commerce represents about 75% of alcohol retail sales.

Source: Statista and Eibens fieldwork

► Spirits consumption in China

Real vs reported imports and sales breakdown

- There is a general consensus in the industry indicating that declared **spirits imports and sales volumes are greatly under represented**.
- There seems to be a considerable amount of **fakes, smuggled, imports declaring under value**, and **parallel imports** (this concept is legal although affects pricing greatly), that might not be adequately accounted for due to its nature.
- The **breakdown by channel** is very hard to know, considering that China does not publish this information and also the distortion of the real vs reported imports.
- Finally, we also must consider that the answer will be quite different if we look at the pre-Covid period, Covid hardest time in China (early 2020) and the estimates on post-Covid times.

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► Whisk(e)y market

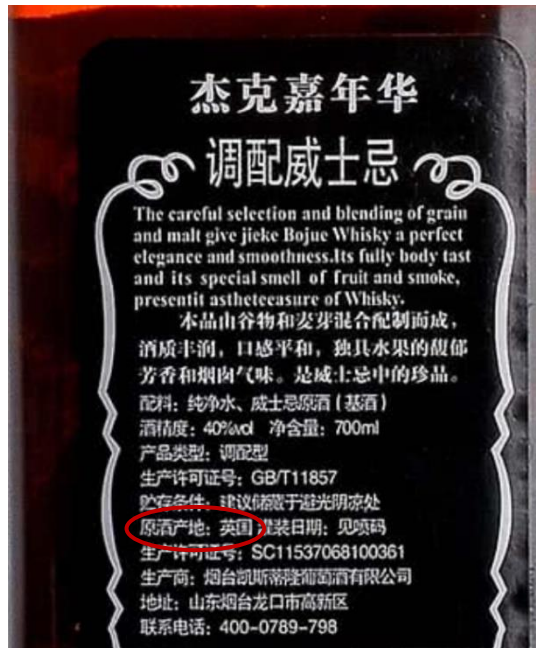
- As a generic idea, **distribution**, particularly if we are considering brands not established in China, is **concentrated in T1 cities** and expands from there to other **T2 key cities**.
- The product is **certainly developing its reputation fast** and gaining young urban consumers with a higher disposable income level.
- The market has been **developed by the brands themselves**, some from **multinationals** piggybacking on **brandy**.
- **Entry port is not very relevant** due to relatively high price per kg and no need for cold chain.
- **Promotion and supply chain** are the key elements for success.
- Distribution and points of sales can be **divided**, roughly, as **mainstream only** or **open to other brands**, which is where the **new-comers from Ireland will probably operate**.
- The **market** is attracting companies from worldwide and is **very competitive**.
- The market is **open to a wide product range** and product differentiation, regardless of whether they fully understand it or not, **so prices vary greatly**.
- As the market develops, **communities of experts appear** and grow and are relevant for **non-mainstream sales and promotion**.



► Whisk(e)y market

Fake and misleading labels for well-known brands is a problem in China

- “Scotch Whiskey” bottled in China.
- According to the label, liquid imported from England.



Registering your trademark in China should be the first step before taking any commercial actions in the market.

► Gin market



- Gin market is **still very small**.
- However, there was a **strong growth in imports before 2020** and some bartenders believe gin and liqueur will follow whisky in terms of development in the coming years.
- The **UK accounts for most of the market**, and it's the only country with country image.
- Still, many **consumers cannot tell the origin of the brands** with which they are familiar.
- The market is more **price-sensitive** than whisky because the product is **less well-known**, used for cocktails and the **product range is simpler**.
- There are a **few small distilleries with niche products** (see [Nordés case study](#)). They have achieved **fast penetration** in the market.
- Distribution and promotion do **not differ from the case of whisky**.

► Cream liqueur market

- Cream liqueur, a small segment of the liqueur category, is a **tiny market** with some growth but **nothing compared** to gin, much less whisky.
- At this scale, we **cannot** really talk of a **developing market**.
- The product is mostly represented by **Bailey's**, with a few other minor players, mostly from **Italy**.
- Product is **consumed by foreigners** and, to a **small amount**, in **cocktail-bars** or **hotels**. Rarely demanded in bars.
- **Widely available** on e-commerce platforms, and **imported products** supermarkets.
- It is believed that the sweet flavour could have a **positive impact** on consumers' preference, but, so far, consumers **either don't know the product** and it requires promotion.
- At the moment, we see the **options** for **product introduction** relatively **complex** or with a **low or slow return on investment**. Options would be to **piggyback** on wider strategies with whiskey and gin.



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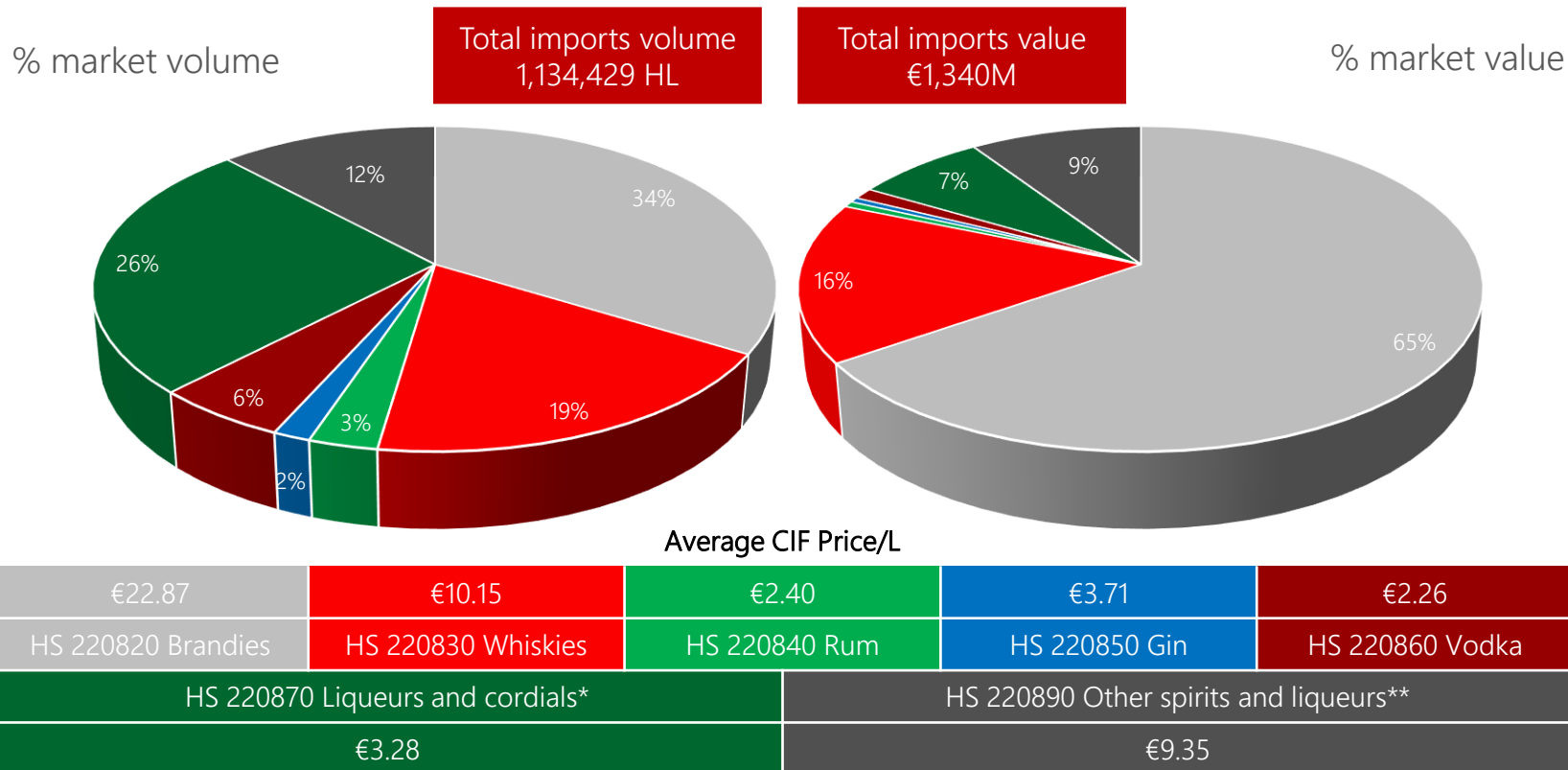
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Imports of spirits and liqueurs

Imports and average CIF price by product (2020)



* Includes cream liqueur and other liquors, like Jägermeister

** Mostly reimports of Chinese distilled spirits. Includes also tequila, mezcal and other spirits

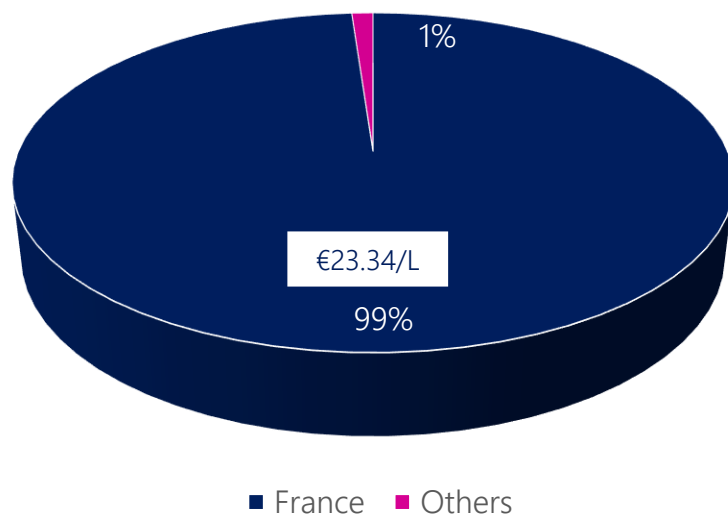
Source: China customs

Exchange rate USD/EUR: 0.8768 (average 2020, source: ECB)

► Imports of spirits and liqueurs

HS 2208.20 Brandies, 2020

Market share of imported brandy in China by imports value and CIF price



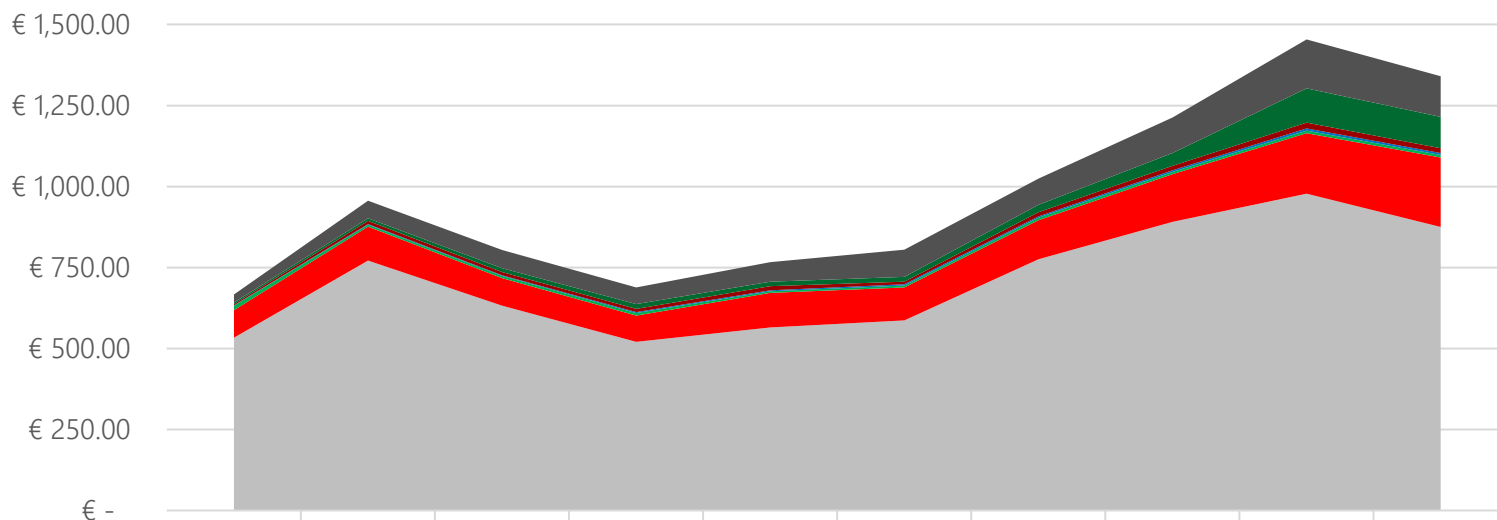
Imports value in 2019: €960M
Imports value in 2020: €875M

- Brandy represents >60% of imports value of spirits and liqueurs.
- French brands dominate the market. The following main exporters are Australia, the Netherlands and Spain, with a 0.2% market share each.
- Imports from **Ireland** in 2020: <€0.5million (0.05% of market share).

Source: China customs

Imports of spirits and liqueurs

Imports value evolution over the last 10 years (million EUR)



* Includes cream liqueur and other liqueurs, like Jägermeister

** Mostly reimports of Chinese distilled spirits. Includes also tequila, mezcal and other spirits

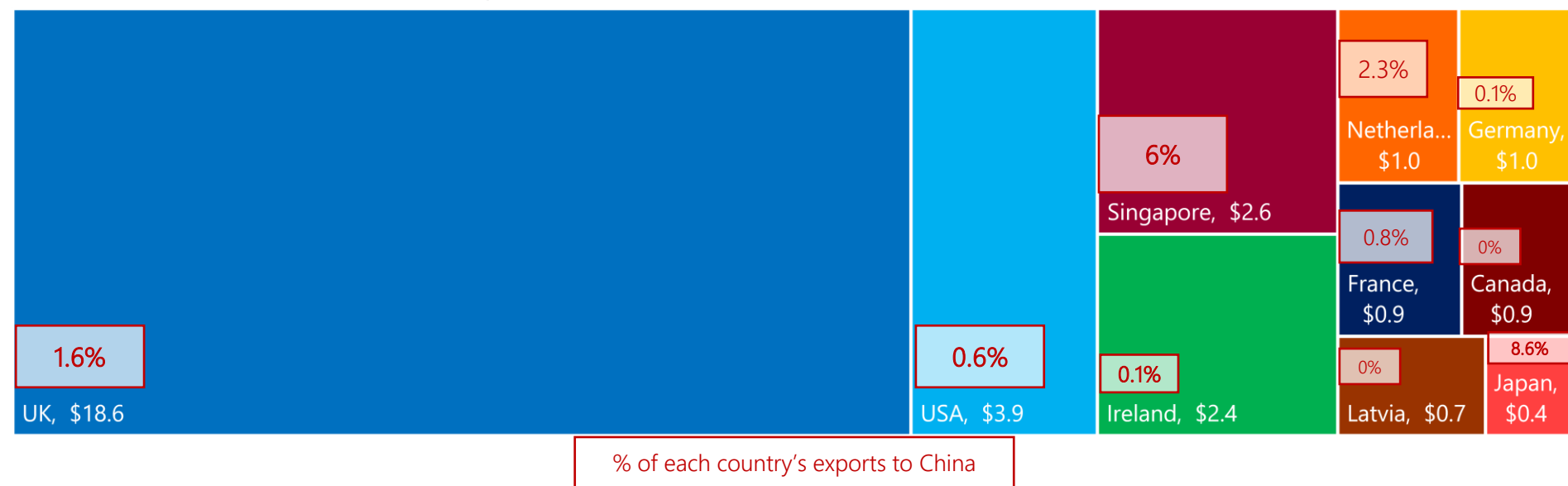
Source: China customs

Average exchange rate of respective year, source: ECB

Imports of spirits and liqueurs

HS 2208.30 Whiskies. Global exports (2017–2019)

Top whisky exporters and their exports share to China (US\$ billion)



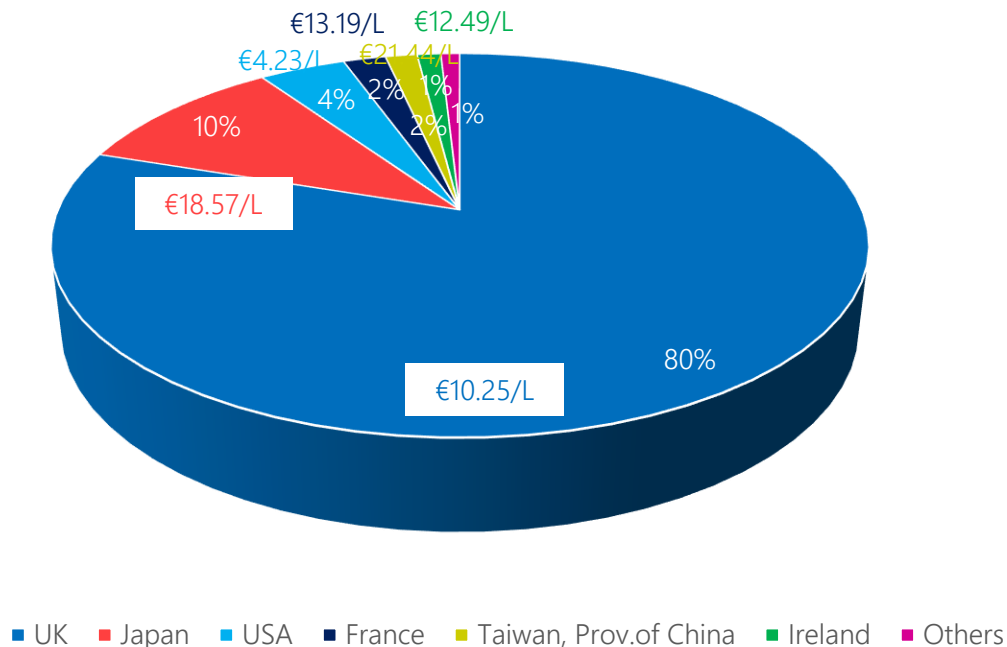
- Global whisky exports reached **\$34B** in the period 2017-2019.
- Exports to China during the same years represent **2.3%** of global whisky trade.
- China is **still a very small market** in relative terms **for most whiskey exporters**.
 - Exceptions: Australia, 27% of its \$294M, and Taiwan, 23% of its \$117M, exporting to China in the period.
- However, the presence of Ireland is particularly small compared to Japan, Scotland or USA.

Source: UN COMTRADE

Imports of spirits and liqueurs

HS 2208.30 Whiskies, 2020

Market share of imported whisky in China by imports value and CIF price



Source: China customs

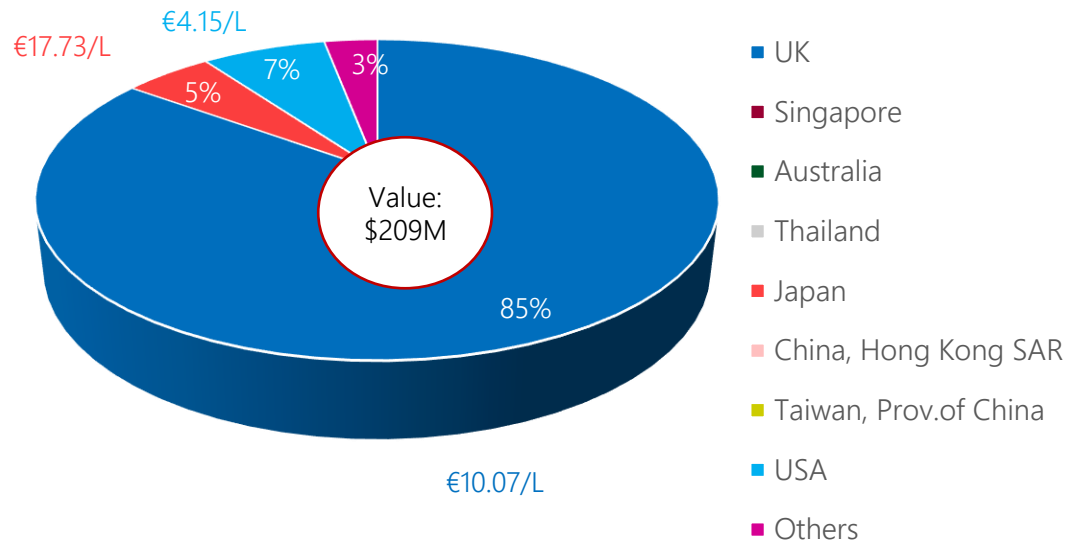
Imports value in 2019: €186M
Imports value in 2020: €214M

- Chinese imports of whisky have more than doubled since 2016, from €102M to €214M in 2020.
- Growth last year was 15%.
- Main origin is UK (Scotland), 80% of total imports.
- Lagging far behind are Japan, USA, France and Taiwan.
- Ireland took up 1.% of imports in 2020 with €2.4M (+93% from 2019).

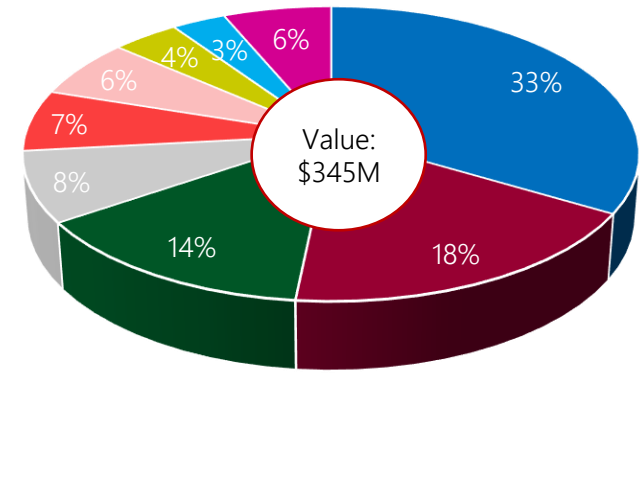
Imports of spirits and liqueurs

HS 2208.30 Whiskies (2019). Data discrepancies.

Imports reported by China



Exports reported to China



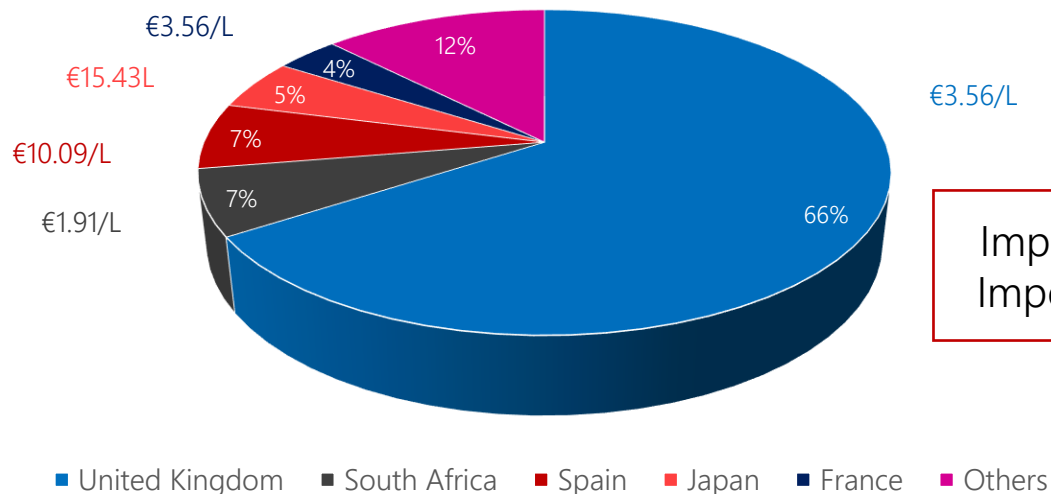
- **Trade data discrepancies arise** when comparing imports flows reported by China and exports flows reported by the world.
- The main disparities can be seen in **Australia, Thailand and Singapore data**, and can possibly be explained by **differences in the determination of country of origin in trading operations**.
- **Ireland's** data is **consistent** when comparing both flows (\$1.3M – \$1.4M) in 2019.

Source: UN COMTRADE

Imports of spirits and liqueurs

HS 2208.50 Gin, 2020

Market share of imported gin in China by imports value and CIF price



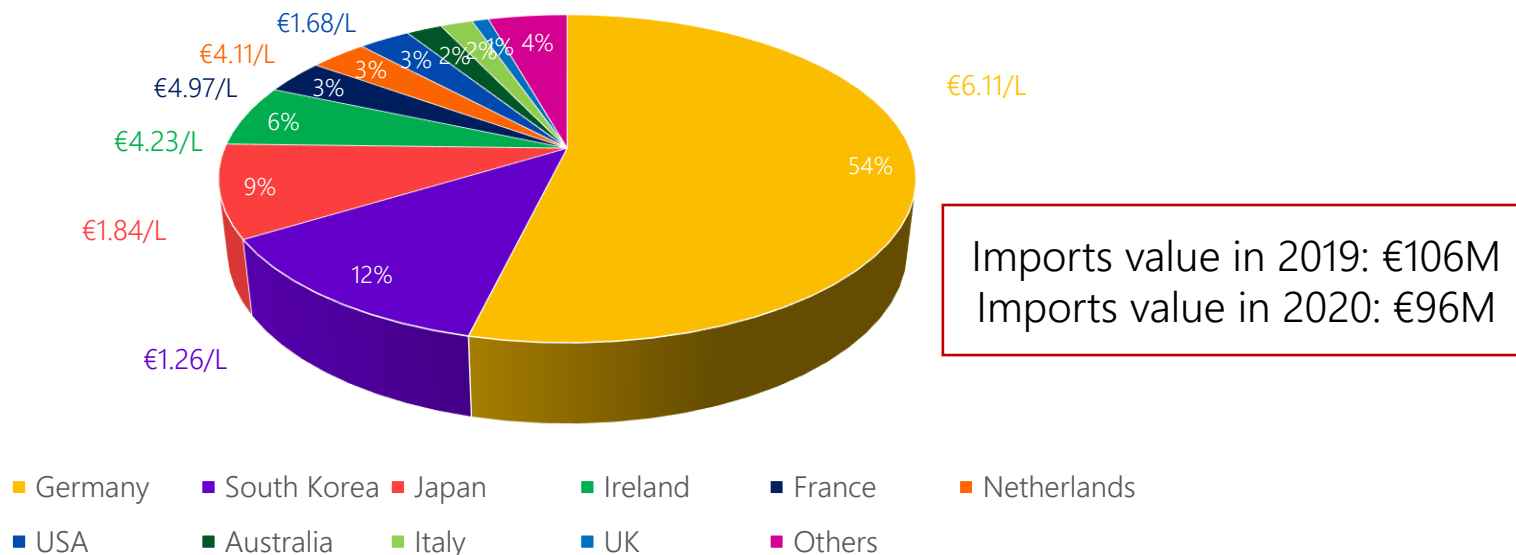
- Gin imports decreased slightly in 2020 (-6% from previous year).
- Among the main origins, only Spain saw positive growth in the last year (from €227M to €427M).
- Imports from South Africa, Japan and France fell 27%, 49% and 4%, respectively. UK value remained stable from previous year.
- Imports from Ireland reached their peak in 2019 (€60k) while in 2020 went down to €40 k.

Source: China customs

Imports of spirits and liqueurs

HS 2208.70 Liqueurs, 2020

Market share of imported liqueurs in China by imports value and CIF price



- HS code 2208.07 includes a wide variety of products, among them **cream liqueur**.
- Germany leads this category with the growth of Jägermeister imports (from <€1M in 2015 to €52 in 2020).
- **Ireland** occupies the 4th position (nearly €6M in 2020, similar amount in 2019) with its cream liqueur products.

Source: China customs

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► Overview of target regions and cities

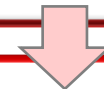
- Whisky consumption in China is generally growing, particularly in some cities which are more open to new products: **Beijing, Shanghai, and Guangdong and Fujian** provinces.
- These places are particularly relevant for **options outside the mainstream** where new **products** must be **targeted**, **brands created** and then **expanded** into other areas.



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The mainstream characteristics

- Consumers buy products and brands with which they are familiar.
- Purchase decision is based on brand familiarity over any other consideration.
- Distribution network is key.
- Knowledge about the product is limited.
- The budget available for spirits is generally growing.



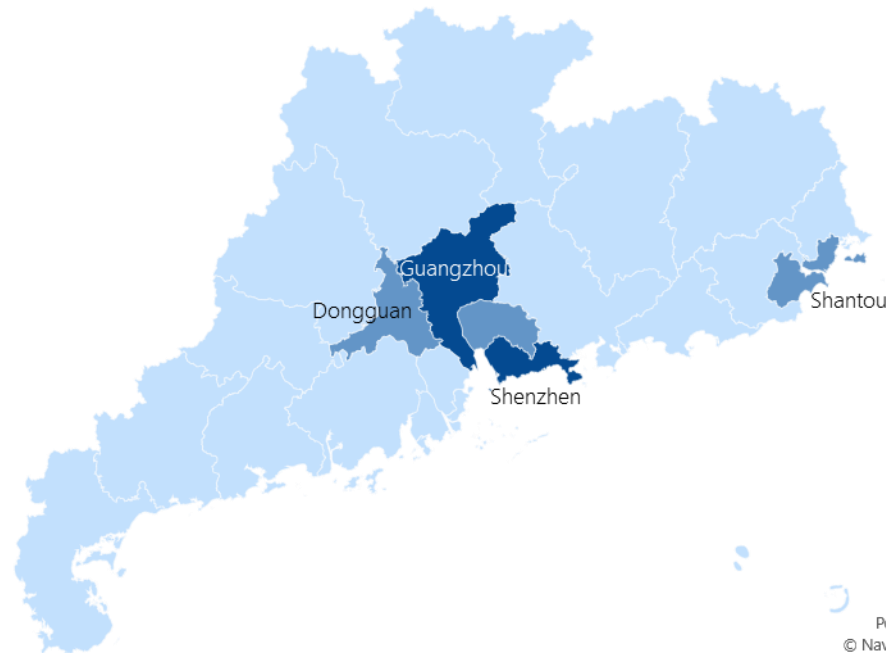
Therefore, it will be hard to introduce a new brand without a strong marketing budget, and the impact will not spread fast.

It is recommended to start with the “key” cities.

► Overview of target regions and cities. Guangdong

- Regarding Guangdong province, we can identify 5 cities of high alcohol consumption: Shenzhen, Guangzhou, Dongguan, Shantou and Foshan.
- However, the latter three **“follow” the trends** of the former two: consume the brands they know. Introducing a new brand would be relatively more difficult than introducing it first into the former two places.

Cities of high alcohol consumption in Guangdong province



► Overview of target regions and cities. Guangdong

- Shenzhen is a more “modern” and booming city, with younger demographic originating from all over China, and creating a mixture comparatively different from a more “traditional” Guangzhou.
- They are **rather quick to adapt to novelties**: imported whiskey over brandy, non-mainstream whisky over mainstream.
- These **main differences** among the cities in Guangdong are:
 - **higher** whisky and cocktails **consumption**,
 - **faster growth**,
 - **higher budget** for bar leisure (Young Urban Professionals),
 - **similar** consumption regarding **genders**,
 - faster to **absorb new product and tendencies**.

Overview of target regions and cities.

Fujian, Beijing, Shanghai

- **Fujian province**
 - Identified **some volume of consumption of imported drinks** and relative openness to new products.
- **Beijing and Shanghai**
 - Also relevant whisky consumption centers.
 - Similar to the **comparison** between Shenzhen and Guangzhou, **Shanghai** is a more **open and younger city**, with a bigger foreign influence so new trends are absorbed faster.
- For these reasons the **target for an Irish strategy regarding Chinese market penetration should target these cities (or some of them) first.**
 - Consideration of the number of cities to be targeted will depend on the resources available.
- **Some sense of continuity** is needed to generate an impact, considering the little value that one event per city per year would have.

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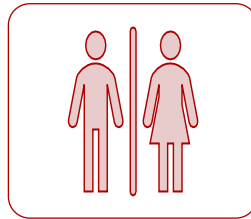
PROPOSED STRATEGY

► Consumer profiles



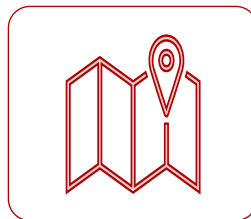
Age

- >55 = particularly **men**; **brandy** (cognac); >45 = predominantly **brandy**
- >35>45 = **brandy** and **whisky**
- <35, <25 = predominantly **whisky**; **more acute** at <30, <25



Gender

- Male and female drink whisky **alike**.
- Women drink



Geographical segmentation

- Whisky consumption happens mostly **Tier 1 and Tier 2 cities**
- But introduction of new trends is mostly coming from Tier 1 cities, particularly **Shanghai and Shenzhen**.



Professional status

- Consumption of whisky is widespread.
- **Pricing for a drink or cocktail** in most bars in target cities are from **€8.71 up**, normally ranging **€10.24 to €15.37**.

► Consumer profiles



Whisky knowledge

For the great majority, **knowledge** about the product is **low** and perception is largely influenced by a **few attributes** easy to identify (see below: [Value perception section](#)).

There is a **small but growing** group of whisky experts, but these are not easy to target and require a **niche targeting** of bars and whiskey groups, which are mostly found on WeChat.

Consumer behaviour and consumption

Whisky consumption is **on the rise**. Gin is **moving more slowly** but also shows potential for growth.

Cream liqueur's presence on the market is **rather limited**, as in **only one well-known brand** available in some bars and shops.

Gin is **exclusively** used in **cocktails**, while whisky, although also used in cocktails, is **largely sold by the bottles** with attributes that the consumers can **recognize** and **pay for** (although mostly **don't understand them**).

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► Consumption trends

Food service



- Key decision is **between consuming whisky** per se or **cocktails** (consumption of which is growing in Guangdong). This also **shapes the bar scene** and partially the products available.
- Cocktail bars also sell whisky by the bottle, but the **focus is on mixed drinks**.
- This implies several differences, like higher price sensitivity and less amount of **old whisky or single malt**.

Setting



- **On the rocks** (a huge ice cube);
 - neat (most **common**)
 - shots (**much less** common).
- Also consumed with **sweet tea**.
- **Bottle purchasing** very **common** in China.

Serving



- Most of whisky consumption is done **outside home**, since there is an **image / status factor** associated to it.
- Home consumption is also relevant.
- **Online purchases** are growing fast.



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► Value perception in the market



Price relevance
will depend on the consumer.

* region, medals, etc.
Source: Eibens fieldwork

► Value perception in the market



Price relevance
will depend on the consumer.

* region, medals, etc.
Source: Eibens fieldwork

Value perception in the market.

Brands. Edrington

- Edrington is one of the **biggest exporters** of Scotch whisky to China.
- In 2003, the company decided to open a **representative office** in Shanghai to attend to China's growing market, but also to the needs of the Asia Pacific region, including Taiwan, Hong Kong, Korea, Japan, Australia and New Zealand.
- They have been running **big advertising campaigns** in China, and are very **present in bars** in Guangdong.

Photo: Edrington, [Source: Medium, 2019](#)

Edrington: Scotch Whisky

The **MACALLAN**®



bars

Value perception in the market. Brands. Edrington



Photo: Ads for Erdington's Macallan in Shanghai



Photo: JD.com promotion for the Spring Festival by Yujiuxuan, distributor form Guangzhou

Value perception in the market. Brands. Loch Lomond Group

- The Loch Lomond Group is one of **Scotland's oldest whisky producers** with brands like Loch Lomond, Glen Scotia and Littlemill, which are all currently available throughout China.
- In 2017, the Loch Lomond Group and **COFCO**, a major Chinese F&B SOE, signed a distribution deal ([China Daily, 2017](#)), as a part of the distillery's bid to expand its reach in the country.

Photo: Loch Lomond Group, [Source: Medium, 2019](#)

Loch Lomond: Scotch whiskies



Loch Lomond: Gin



Value perception in the market. Brands. Speyside Distillery

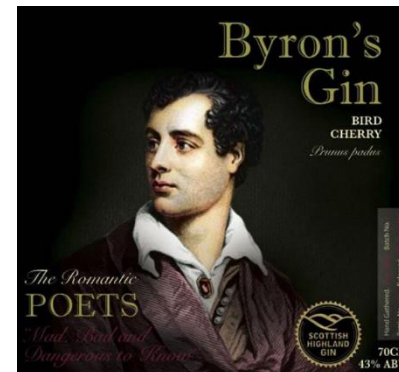
- Speyside Distillery signed a distribution deal with Luzhou Laojiao International Development to increase the production of its single malt whisky and to distribute Spey and Beinn Dubh brands in China.
- An output of 1 million liters in a year is expected to meet the demand for Scotch whisky in the region.
- Luzhou Laojiao also distributes the distillery's Spey and Beinn Dubh brands in duty-free outlets across China.

Source: [Medium, 2019](#); (Source: [FoodBev](#), photo: Speyside Distillery)

Speyside: Scotch Whisky



Speyside: Gin



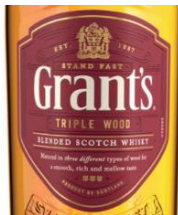
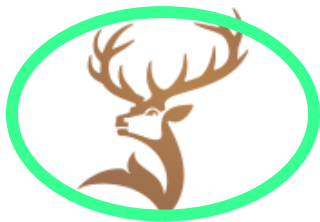
Value perception in the market. Brands. William Grant & Sons

- In 2005, William Grant & Sons set up a **distribution and marketing base** in Shanghai to tap further into the country's growing market of **malt whisky drinkers**.
- Two of its brands, Glenfiddich and The Balvenie, **remain popular** among Chinese consumers.
- The portfolio of the **family-owned distillery** also includes Girvan, Kininvie and blended whisky brands like Grant's and Monkey Shoulder.

Source: [Medium, 2019](#); (Source: [The Guardian, 2005](#), photo: William Grant & Sons)

Scotch Whisky

Other whiskies and Gin



Value perception in the market.

Brands. Diageo

- British multinational alcoholic beverages company Diageo is one of the biggest producers of Scotch whisky, controlling one-third of the total production.
- Aside from its world popular Johnnie Walker blends, it owns other brands like Lagavulin, Mortlach and Talisker.
- In 2019, Diageo reported that its organic net sales in China **increased by 20%**, helped by strong demand for Scotch whisky.

[Source: Medium, 2019; Reuters, 2019](#)

Irish Whiskey



Diageo: other whiskies



USA



Canada

Value perception in the market.

Brands. Diageo

Diageo: Scotch Whisky

BUCHANAN'S



Grand Old Parr



BLAIR ATHOL

LAGAVULIN

GLEN SPEY

WINDSOR



LINKWOOD

CLYNELISH

THE SINGLETON

GLENLOSSIE

MORTLACH
SINGLE MALT
SCOTCH WHISKY

TALISKER
SINGLE MALT
SCOTCH WHISKY

KNOCKANDO
SINGLE MALT
SCOTCH WHISKY

RAGGANMORE

TEANINICH

BELL'S

HAIG
CLUB

OBAN
SINGLE MALT
SCOTCH WHISKY

BENRINNES

Dalwhinnie

INCHGOWER

CARDHU
SINGLE MALT
SCOTCH WHISKY



Black & White
Blended Scotch Whisky

STRATHMILL

GLEN ELGIN

CAOL ILA

GLENKINCHIE
SINGLE MALT SCOTCH WHISKY

DAILUAINNE

MANNOCHMORE

VAT
69



AUCHROISK
DISTILLERY

THE SINGLETON
GLEN ORD
DISTILLERY

Source: Diageo

bars

retail

mainstream

Value perception in the market.

Brands. Diageo

Diageo Gin

Tanqueray

Gordon's

GILBEY'S

UK



US

Diageo Liqueur



Ireland

Value perception in the market.

Brands. Pernod Ricard

Pernod Ricard

- Pernod Ricard, the French alcohol giant, alongside Diageo, controls around 55% of the Scotch whisky market.
- Some of its massive portfolio includes Chivas Regal blended whiskies, Glenlivet and Aberlour.
- Pernod Ricard has been aggressively expanding its portfolio in China, recently introducing a new Chivas range, the Chivas Extra 12.

Irish Whiskey



Indian and Canadian whisky



Source: Medium, 2019

bars

mainstream

Value perception in the market. Brands. Pernod Ricard

Pernod Ricard: Scotch Whisky

Ballantine's

SCAPA
THE ORCADIAN



 CHIVAS



BLENDED SCOTCH WHISKY
IMPERIAL®

ESTD 1894

LONGMORN
SPEYSIDE
SINGLE MALT SCOTCH WHISKY


ROYAL SALUTE
SCOTCH WHISKY

ABERLOUR®
— EST. 1879 —

DISTILLERY

**THE
GLENLIVET**

ESTD 1824

Source: Pernod Ricard

bars

retail

Value perception in the market. Brands. Pernod Ricard

Pernod Ricard: Liqueur



Kahlúa

Mexico



RAMAZZOTTI

Italy

Pernod Ricard: Gin



BEEFEATER
LONDON DRY GIN



United Kingdom



Ireland



MONKEY 47
SCHWARZWALD DRY GIN

Germany



Seagram's Gin.

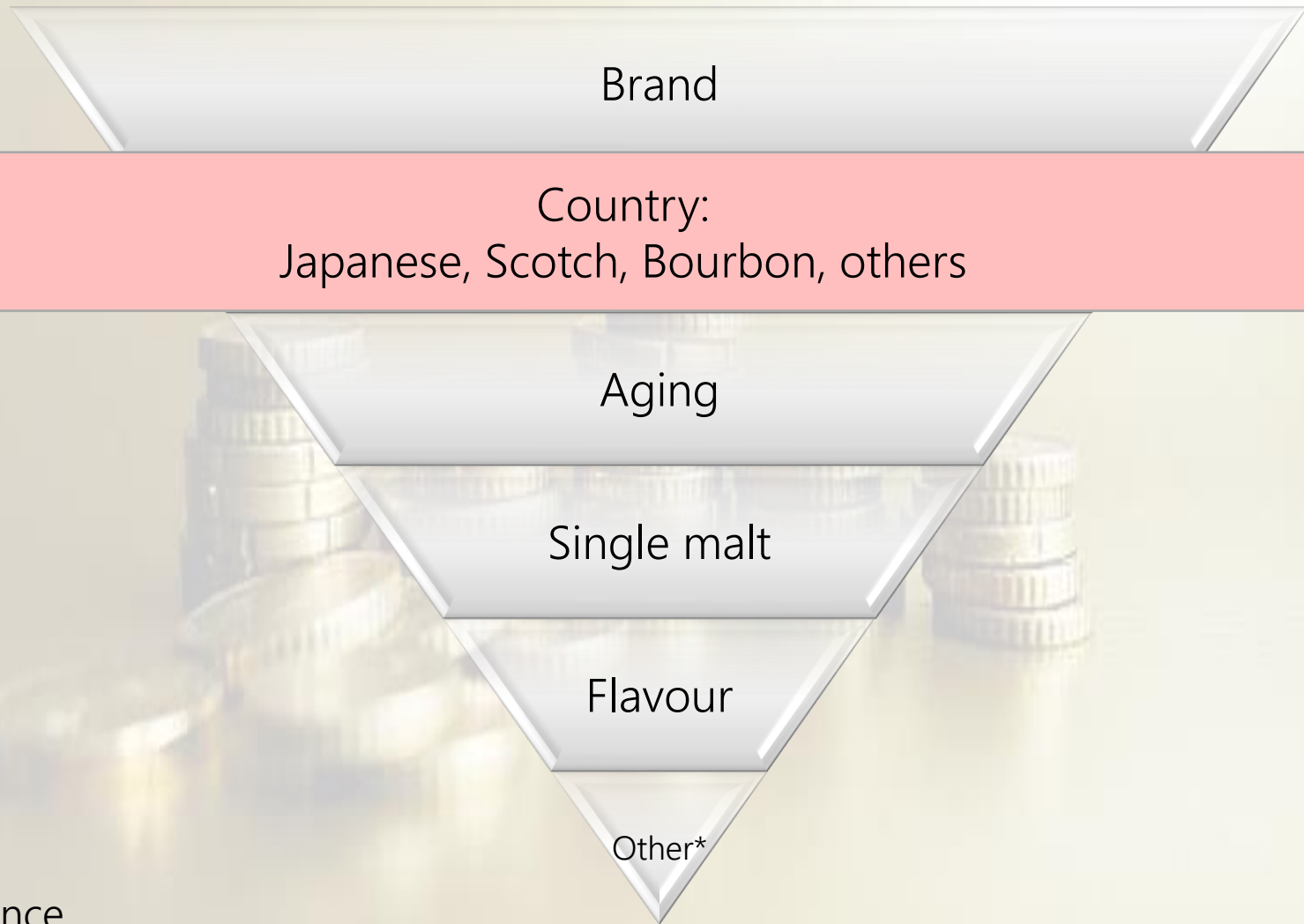
AMERICA'S SPIRIT, SINCE ALWAYS

USA

Source: Pernod Ricard

www.eibens.com

► Value perception in the market



Price relevance
will depend on the consumer

* region, medals, etc.
Source: Eibens fieldwork

► Value perception in the market. Country

Imports value (US\$ million)	Market share	Price/L	Country (Top 6 suppliers to China, 99% of whiskey imports)
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169	80%	10.25€	UK (SC)
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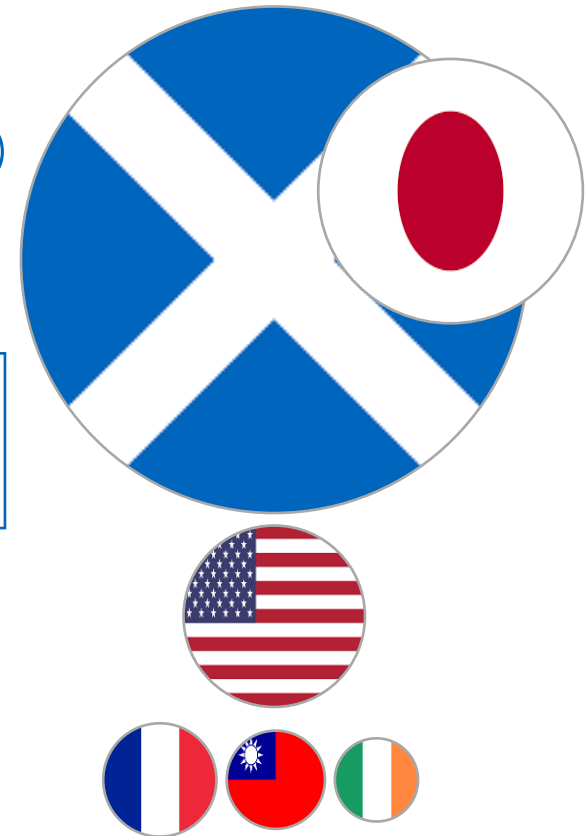
21	10%	18.57€	JP
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Scotland can be divided into "Blended" and "Single Malt" categories, as we will explain in the Strategy section. We propose this same division for Ireland's brands' positioning.

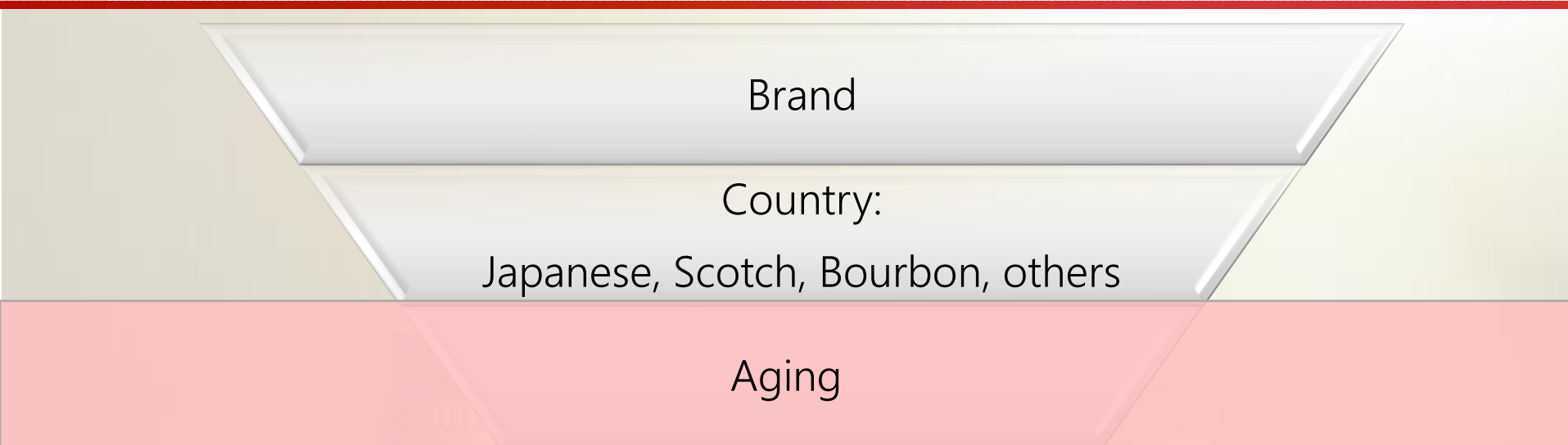
9	4%	4.23€	US
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9,5	5%	13.19€, 21.44€, 12.49€	
-----	----	------------------------	--

FR, TW, IE



► Value perception in the market



Bottles: 12 year old single malt is considered the minimum the entry point for the premium section of the market, with each brand offering 2-4 options (12-15-20 years of age...)

Cocktails: consumers sometimes opt for a less-aged whisky.

Important note:

In a market with **low knowledge**, this concept has been so strongly established to the point that it **wouldn't be easy to sell** a product with lower aging or present a portfolio that does **not include several aging options**.

Increase in age is perceived as an increase in quality of the product > very old products as "necessarily" very good; more exclusive hotels and whiskey bars offer more variety of more aged whisky.

Source: Eibens fieldwork

► Value perception in the market

Aging



Scotch have set the standards of the market and consumers do not understand Irish whiskey category yet.

► Value perception in the market

Aging

Provide a range and consider the aging is relevant for the entry strategy until we can explain why aging is different from Scotland



► Value perception in the market

Aging

Speyside			
SINGLE MALT SCOTCH WHISKY			
Glen Elgin 12year 格蘭愛琴12年	1180	80	43
Glen Elgin 18years 格蘭愛琴18年	6380	490	54.8
Glenfiddich 12year 格蘭菲迪12年	1000	80	40
Glenfiddich 15year 格蘭菲迪15年	1280	88	40
Glenfiddich 18year 格蘭菲迪18年	1580	120	40
Glenfiddich 21year 格蘭菲迪21年	2680	198	40
Glenfiddich 26year 格蘭菲迪26年	5680	430	43
Glenfiddich 30year 格蘭菲迪30年	8280	560	43

one more By PROVIDENCE		one more By PROVIDENCE	
格兰花格12年 Glenfarclas 12 Years	¥90	欧肯特轩18年 Auchentoshan 18 Years	¥130
格兰花格17年 Glenfarclas 17 Years	¥130	格兰路斯1998 Glenrothes 1998	¥100
高原骑士12年 Highland Park 12 Years	¥80	麦卡伦12年 Macallan 12 Years	¥90
高原骑士18年 Highland Park 18 Years	¥130	麦卡伦双桶 Macallan Double Cask	¥90
欧肯特轩三桶 Auchentoshan Three Wood	¥90	麦卡伦18年 Macallan 18 Years	¥320
欧肯特轩12年 Auchentoshan 12 Years	¥80	欧本14年 Oban 14 Years	¥90

► Value perception in the market



For similar reasons as the “aging”,
the term “**single malt**” has also been established as a **standard for the market**.

Important note:

Most consumers will not be able to explain what “single malt” stands for.
The positioning of products on the market will be defined in regards with the **current market standard**:
“**single malt 12 years old Scotch**”.

Source: Eibens fieldwork

Value perception in the market

Single Malt

威士忌 Whisky			
	单份/Single	双份/Double	瓶/Bottle
占美神威士忌 Jameson Whiskey	¥50	¥90	¥550
火龙威士忌 Fireball Cinnamon Whiskey	¥45	—	¥550
四玫瑰威士忌 Four Roses Whiskey	¥50	¥90	¥550
尊尼黑牌12年 Johnny Black Label 12 Years	¥55	¥100	¥650
芝华士12年 Chivas Regal 12 Years	¥55	¥100	¥650
杰克丹尼 Jack Daniel's	¥55	¥100	¥650
芝华士水榭限定版 苏格兰威士忌 Chivas Regal Mizunara	¥70	¥130	¥800
响和风韵 Hibiki	—	—	¥2088
皇家礼炮21年 Royal Salute 21 Years	—	—	¥2188

单一麦芽威士忌 Single Malt Whisky			
	单份/Single	双份/Double	瓶/Bottle
泰斯卡10年 Talisker 10 Years	¥60	¥110	¥700
格兰菲迪12年 Glenfiddich 12 Years	¥60	¥110	¥700
克里尼利基14年 Clynelish 14 Years	¥65	¥120	¥750
波摩12年 Bowmore 12 Years	¥70	¥130	¥850
拉弗格10年 Laphroaig 10 Years	¥75	¥140	¥900
拉弗格 (1/4) Laphroaig (1/4) Cask	¥70	¥130	¥800
格兰菲迪15年 Glenfiddich 15 Years	¥75	¥140	¥900

单一麦芽威士忌 Single Malt Whisky			
	单份/Single	双份/Double	瓶/Bottle
格兰杰12年 Glenmorangie 12 Years Sherry Cask	¥75	¥140	¥900
达摩12年 Dalmore 12 Years	¥80	¥150	¥950
麦卡伦12年蓝钻 Macallan 12 Yo Double cask	¥85	¥160	¥1050
百富12年 The Balvenie 12 Years Doublewood	¥85	¥160	¥1050
波摩15年 Bowmore 15 Years	—	—	¥1200
布赫拉迪经典 The Classic Laddie	—	—	¥1200
达摩15年 Dalmore 15 Years	—	—	¥1600
山崎 1923 The Yamazaki 1923	—	—	¥1988

► Value perception in the market



Softer and slightly sweeter seems to be preferred flavour
(sherry cask = 1st, rum cask = 2nd, bourbon cask = 3rd).

But! considering the social/image aspect of consumption and the mixing, flavour only ranks fifth among all other factors.

Source: Eibens fieldwork

► Value perception in the market

Flavour

All **experts** agree that there is a **preference for smooth whisky in China**, which would be a strong point for Ireland, however, **flavor** is normally **considered less** than brand, origin, etc. when making the purchasing decision.

Most consumers just **drink what is trendy** or 'bypass' the flavor impact by **mixing the whisky with soft drinks** (mostly for younger consumers).

Since **sherry casks are trendy**, they are more valued than rum casks; with the bourbon cask being the least popular ones.

Howard Cai Select, a company which buys 200 casks a year (mostly in Scotland) to later be bottled and have personalized labels indicates that 95% of the purchases are **sherry cask**.



► Value perception in the market



Other (region, medals, awards, etc.) have a **small impact in practice**, but potentially can be either identified by whisky experts or tip the balance on a **close-call decision**.

Source: Eibens fieldwork

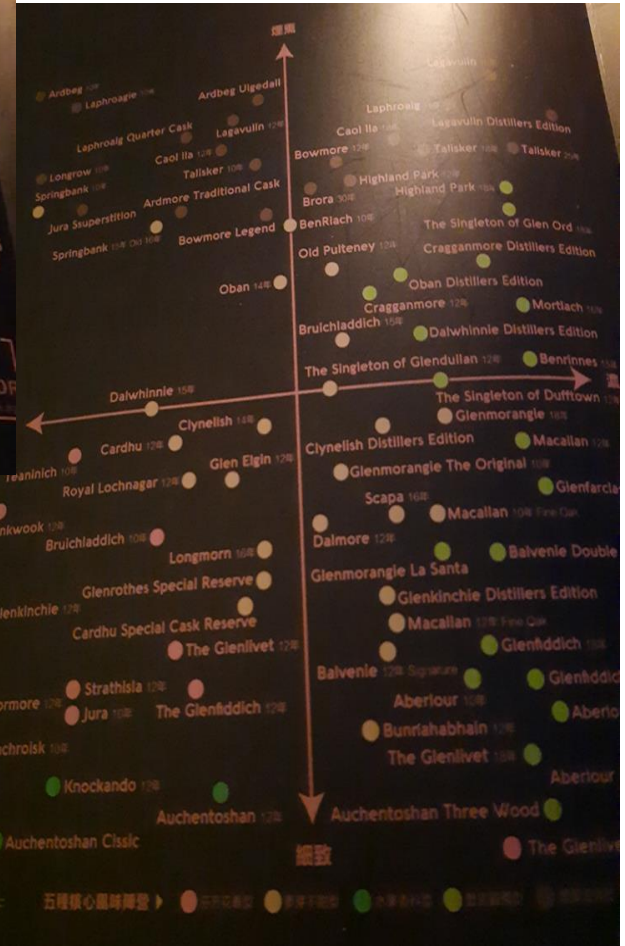
Value perception in the market

Others



A table titled "Speyside" listing various whisky products and their prices. The table has three columns: Product Name, Price per bottle, and Price per 100ml.

Product Name	Price per bottle	Price per 100ml
Cragganmore 12year	1180	80
Cragganmore Edition	6380	490
Cragganmore Natural Cask Strength	1000	80
Tamdhu 10years	1280	88
Tamdhu Batch Strength	1580	120
Glen Elgin 12year	2680	198
Glen Elgin 18years	5680	430
Glenfiddich 12year	800	40
Glenfiddich 15year	1280	88
Glenfiddich 18year	1580	120
Glenfiddich 21year	2680	198
Glenfiddich 26year	5680	430
Glenfiddich 30year	800	40



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PRICE BUILD-UP

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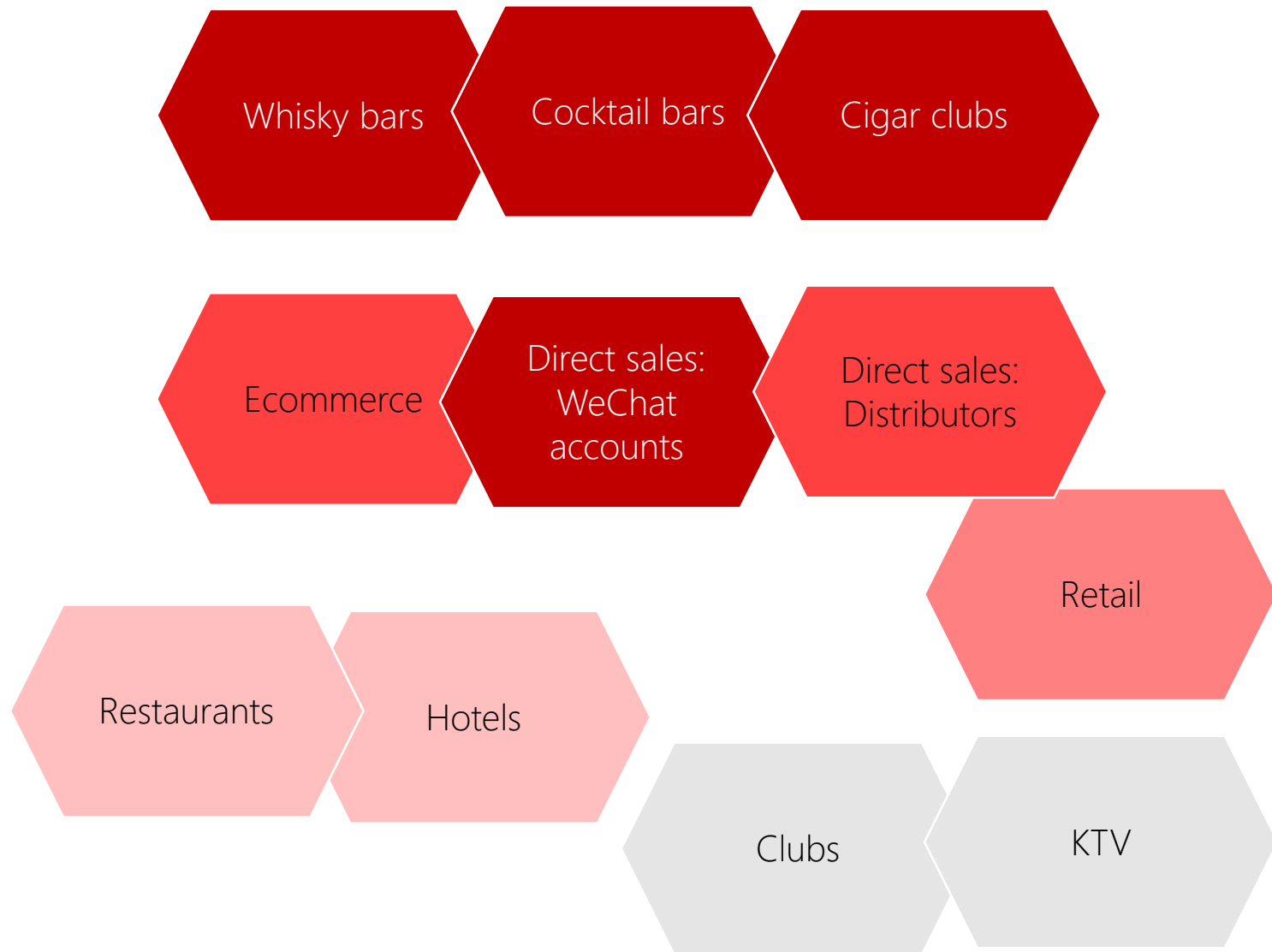
PROPOSED STRATEGY

► Points of sale



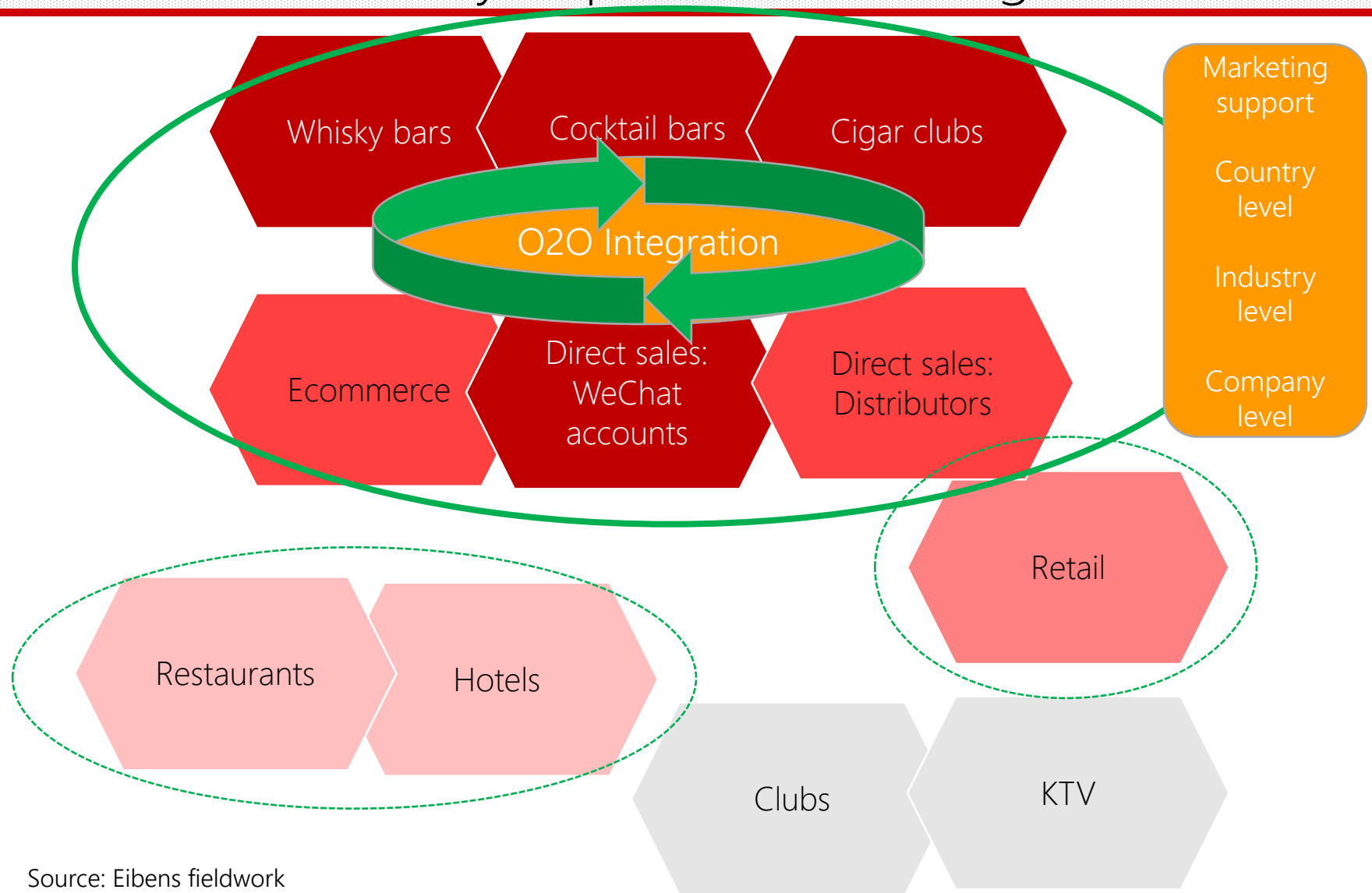
Points of sale.

Small Irish distillery's options at first stage



Points of sale.

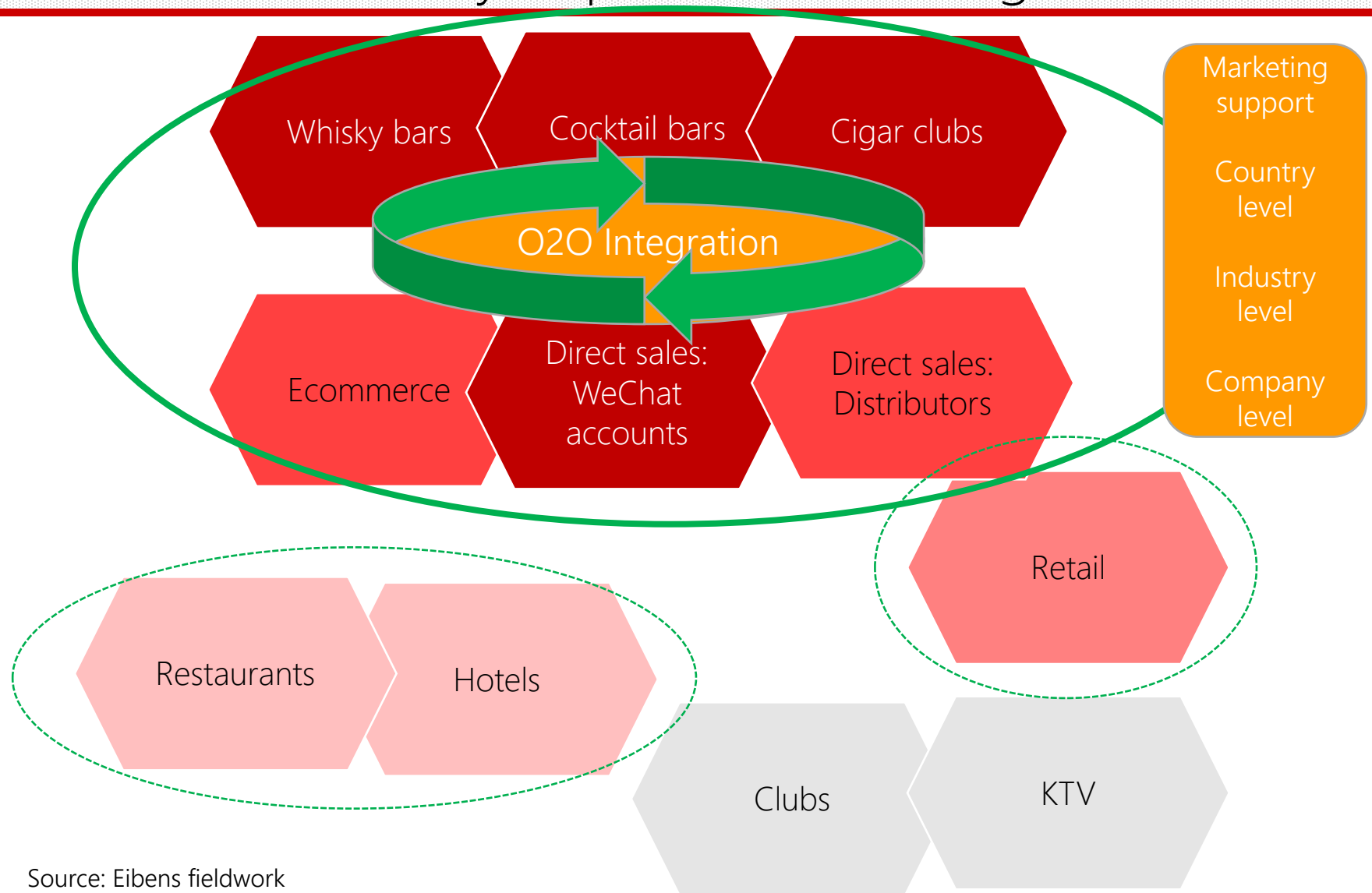
Small Irish distillery's options at first stage



Source: Eibens fieldwork

Points of sale.

Small Irish distillery's options at first stage



Source: Eibens fieldwork

► Points of sale. Whisky and cocktail bars

Whisky and cocktail bars

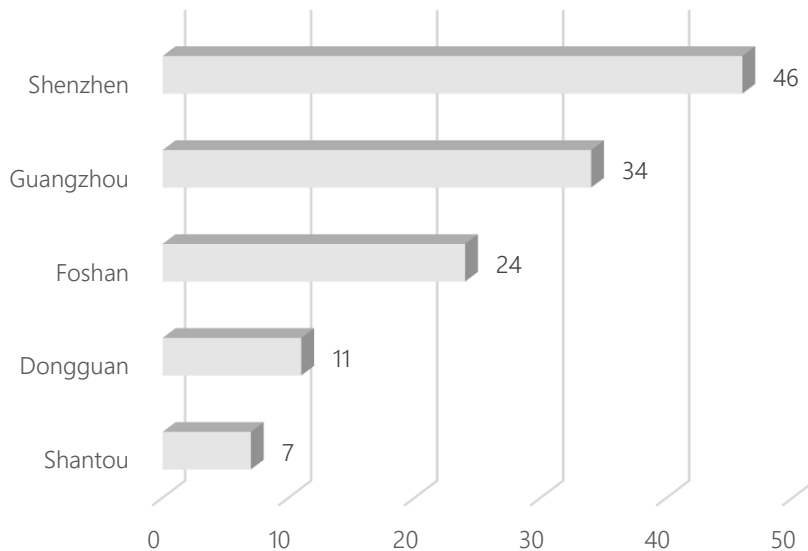
- Whisky and cocktail bars are **booming** in Guangdong, particularly in Guangzhou and Shenzhen.
- They are **our main target as point of sale**, since they offer a wide range of products **beyond the main-stream brands** and have consumers more open to **try and learn**.
- **Whisky bars offer cocktails**, and **cocktail bars offer whisky**: the main difference is their main sales orientation.
- Also, the **range of whisky** needed varies from a cocktail bar to a whisky bar.
- Please note that most of their clients still reflect the general description: **few whisky experts** in comparison to their overall client base.
- Brands pay entry fees for being represented in the bar. More relevant and effective, however, are recurrent events in support of your brand (and, therefore, the bar).
- They get **supplied by trusted T2 distributors mostly**, unless one can build their own personal relationship with them (manager or head bartender).
- These are our main gateway to the market, but to work with them we will need:
 - the complete supply chain
 - a competitive product
 - a strategy to introduce the product



► Points of sale. Whisky and cocktail bars

Dianping, an online platform that provides information about local lifestyle businesses, provides the information shown below (using “whisky bar” in Chinese, as the keyword for search); however, the industry talks of about 200 whisky and cocktail places in Shenzhen and Guangzhou each, with a few more opening every month.

Whiskey and cocktail bars in Guangdong province
keyword: “威士忌吧” (“whisky”)



Source: Dianping;

Photo: Eibens fieldwork (“Six Sharp”, Guangzhou (top),
“Lazy Bar”, Shenzhen (bottom))



► Points of sale. Whisky and cocktail bars

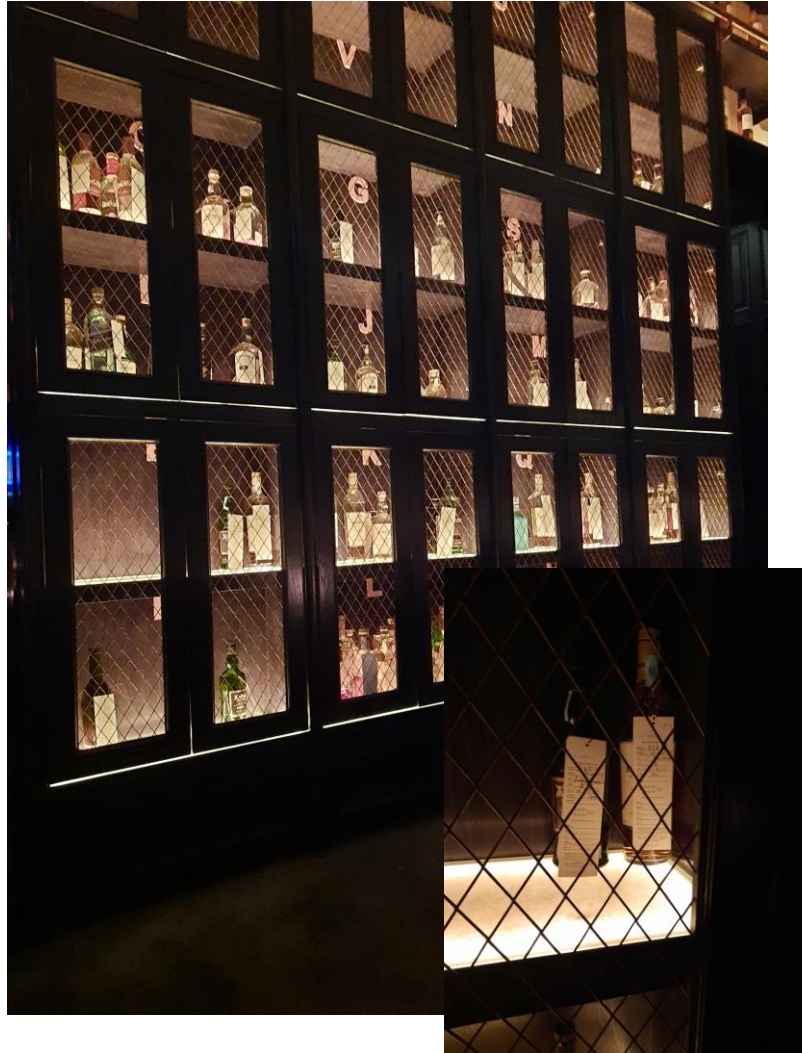


Target cities, especially Shenzhen, are filled with whiskey and cocktail bars and more opening weekly.



Whisky Life SZ

► Points of sale. Whisky and cocktail bars



In many cases, the **profitability** of the whisky bars is **doubtful**, and it is believed that many are **actually sponsored** by the owners as a status symbol.

Demand for whisky is growing weekly but perhaps even faster is incidence of new bar openings and the increase in lease costs.

To optimize this situation, some **offer food** to include a steadier income and others have **transformed into cigar bars** to be able to keep the “big” spenders.

Memberships in whisky bars are not uncommon and some clients **keep their bottles** there.

► Points of sale. Cigar bars

Cigar bars

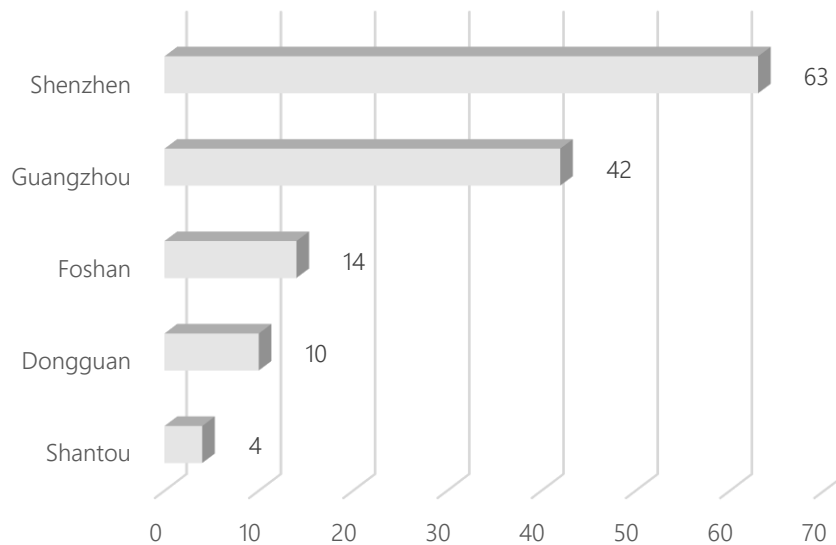
- Most of **cigar bars and clubs** have been established in the **last few years** and, as a result, are highly influenced by the culture **"of the moment"** with a strong whisky presence.
- Actually, many are created **by whisky/cocktail bar owners** or **from whisky bars**.
- The differences we can see with other whisky bars are:
 - Have a **cigar smoking area**;
 - Have a more **aged portfolio range**;
 - The profile includes **more >35 males** in contrast to the general profile;
 - **Cocktails are less common**, whisky is predominant.
- Despite these peculiarities, they purchase, operate and perform **mostly as other bars**.



Source: Eibens fieldwork ("Cigar Ambassador", Shenzhen)

► Points of sale. Cigar bars

Cigar bars in Guangdong province (“雪茄吧”)



Source/Photo: Dianping



► Points of sale. Clubs and KTVs

Clubs and KTVs

- Clubs and KTVs represent **growing consumption volumes for whisky**.
- **Access to this channel is not transparent, it is based on personal relations and discounts and it requires strong investment.**
- As for the **portfolio**, it is a completely **mainstream selection**, with well-known brands from **major corporations**, also selling **brandy**, dominating the scene.
- Purchases concentrated on **bottles**, which are normally **mixed** or **heavily diluted** in sweet tea or soft drinks.
- **Product range** for the same brand **is not needed** and blended whisky is **common** but **single malt** is also present.
- **Gin is present** but with a **small selection**, **cream liqueur** is not present.



► Points of sale. Hotels

Hotels

- Hotels use **various routes** for sourcing product.
 - Chains have **generic supply agreements**.
- Each hotel is then **free to get additional suppliers** but, to avoid complexity, they will only do it if it is **really worth it**.
- **Independent hotels** will behave in a similar way to restaurants.
- Therefore, those **without a “proper” signature bar** may rely mostly on the **wine supplier** or the **preferred T2 supplier**.
- Those with a **signature bar** will be supplied as any whisky or cocktail bar, increasing their portfolio and suppliers accordingly, and having **trained bartenders**.



Source: Eibens fieldwork (“Attic” by Park Hyatt, Shenzhen)

► Points of sale. Hotels

Hotels

SCOTCH SINGLE MALT		
	Glass	Bottle
Speyside		
Macallan 12 Years	118	1388
Macallan 18 Years Old Sherry Oak		7288
Glenfiddich 21 Years		3088
Glenlivet 15 Years French Oak Reserve		1588
The Balvenie 17 Years Doublewood		2888
Highland		
Highland Park 12 Years		988
Aberlour 16 Years Double Cask Matured		1688
Isle of Sky		
Talisker 10 Years	78	888
Lagavulin 12 Years		2588

All prices are in CNY and are subject to 10% service charge and value-added tax.



爱尔兰威士忌 IRELAND	
约翰占美臣 John Jameson	
帝霖小批量爱尔兰威士忌 Teeling Small Batch	
帝霖波本单一纯麦威士忌 Teeling Single Malt	
帝霖波本单一谷物威士忌 Teeling Single Grain	
日本威士忌 JAPAN	
响和风醇韵威士忌 Hibiki	
白洲12年威士忌 The Hakushu 12 years	
山崎12年威士忌 The Yamazaki 12 years	
台湾威士忌 TAIWAN	
葛马兰单一麦芽威士忌 Kavalan Single Malt Whisky	
葛马兰经典独奏波特桶 Kavalan Solist Port Single Cask	
葛马兰经典独奏雪莉桶 Kavalan Solist Fino Sherry Cask	
印度威士忌 INDIA	
雅沐特融合威士忌 Amrut Fusion Single Malt	
雅沐特原桶威士忌 Amrut Cask Strength	

Source:

Eibens fieldwork (Rosewood Hotel, Guangzhou (left), "Attic" by Park Hyatt, Shenzhen (middle), "Churchill" by Ritz Carlton, Guangzhou (right))

► Points of sale. Restaurants

Restaurants

- A number of restaurants **include spirits in their menus**, and some of them, including foreign and some Chinese, have **whisky and cocktails** (Western only).
- Restaurants try to have a **limited number of suppliers** for efficiency purposes, so the spirits are **supplied by one or two T2 distributors**.
- Wine distributors **have started offering spirits** now to **complement their portfolio** and supply the same restaurants which do not need a wide range of spirits.

[illegible]

Source: Eibens fieldwork (Hooley's Irish Pub, Guangzhou (right), Paddy Fields Irish Pub, Guangzhou (left))

► Points of sale. Restaurants

Restaurants

- In general, consumption tends to be mainstream in terms of portfolio, since waiters will serve, not sell or educate.
- However, the options offered by the distributor and the personality of the decision maker also influence the offer of drinks in the menu.
- At initial stage, restaurants will be a secondary target, unless a particular access is found as could be the case for Irish pubs or some restaurants willing to have a different drink list provided by a T2 willing to promote Irish whiskey.



BOURBON Canadian Club Four Roses Jim Beam Fireball Cinnamon Jack Daniel's Wild Turkey Crown Royal Jack Daniel's Honey Maker's Mark IRISH WHISKEY Irish Mist Jameson Bushmills Bushmills 10 years Tullamore Dew Black Bush Teeling Single Grain Jameson Caskmates IPA Edition Connemara Peated SCOTCH Ballantine's Cutty Shark Grant's Famous Grouse J&B Rare Johnnie Walker Red Label PREMIUM SCOTCH Ballantine's 12 Years Chivas 12 Years J&B Jet Johnnie Walker Black Label Johnnie Walker Gold Label Johnnie Walker Green Label Chivas 18 Years	单支威士忌 (Single/Double/Bottle) 大俱乐部 35/65/420 四玫瑰 35/65/420 火球 40/75/480 杰克丹尼 40/75/480 威特美 45/85/580 杰克丹尼蜂蜜味 45/85/580 美格 45/85/580 精选爱尔兰威士忌 爱尔兰之舞 40/75/480 占美臣 40/75/480 布什米尔斯 45/85/580 布什米尔斯10年 45/85/580 图拉多 48/90/680 黑布什 55/105/880 帝露单一谷物 55/105/880 占美臣精酿威士忌IPA 60/115/980 康尼马拉单一麦芽 60/115/980 苏格兰威士忌 百龄坛 35/65/420 顺风 35/65/420 格兰特 35/65/420 威雀 35/65/420 珍宝 35/65/420 红牌 35/65/420 特选苏格兰威士忌 百龄坛12年 40/75/480 芝华士12年 40/75/480 珍宝特级 40/75/480 黑牌 40/75/480 金牌 60/115/880 绿牌 60/115/880 芝华士18年 65/125/1080	SINGLE MALT Glenmorangle Original Glenfiddich 12 Years Glenlivet 12 Years Singleton 12 Years PREMIUM SINGLE MALT Balvenie 12 Years Glenmorangle 12 Years Highland Park 12 Years Macallan 12 Years Glenfiddich 15 Years Glenfiddich 18 Years Glenmorangle 18 Years Glenlivet 18 Years ISLAY WHISKY Bowmore 12 Years Caol Ila 12 Years Laphroaig 10 Years Laphroaig 16 Years Laphroaig Quarter Cask Laphroaig PX Cask JAPANESE WHISKY Hakushu Single Malt Hibiki Harmony Yamazaki Single Malt	单一纯麦威士忌 (Single/Double/Bottle) 格兰杰 45/85/580 格兰菲迪12年 48/90/880 格兰威特12年 50/95/780 苏格登12年 50/95/780 特选单一纯麦威士忌 百富12年 55/105/880 格兰杰12年 55/105/880 高地公园12年 55/105/880 麦卡伦12年 60/115/980 格兰菲迪15年 65/125/1080 格兰菲迪18年 80/155/1280 格兰杰18年 80/155/1280 格兰威特18年 80/155/1280 特选艾莱岛单一纯麦威士忌 波摩12年 55/105/880 卡尔里拉12年 55/105/880 拉弗格10年 55/105/880 拉弗格16年 60/115/980 拉弗格四分之一桶 60/115/980 拉弗格PX雪莉桶 85/165/1380 日本威士忌 白州1973单一麦芽 95/185/1580 响和风 95/185/1580 山崎1923单一麦芽 95/185/1580 特选干邑白兰地酒 轩尼诗VSOP 55/105/880 马爹利名仕VSOP 60/115/880 人头马VSOP 55/105/880 蓝带马爹利 120/240/1980
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Source: Eibens fieldwork (Paddy Fields Irish pub, Guangzhou)

► Points of sale. Retail

Retail

- In *baijiu* stores, the sales of Irish whiskey (Teeling, Jameson) are rather low. They mostly keep Scotch (Chivas, Talisker, Macallan) or Japanese whisky.
- *Baijiu* stores keep any brands that their main distributors provide, or the bottles that they personally bring in from the overseas.
- Irish brands found in retail: Halewood, Dead Rabbit.
- In convenience stores, Jameson miniature can be found.



Photos: Eibens fieldwork (Baoshuhang, Shenzhen (above), Aussino, Guangzhou (right))

► Points of sale. Ecommerce

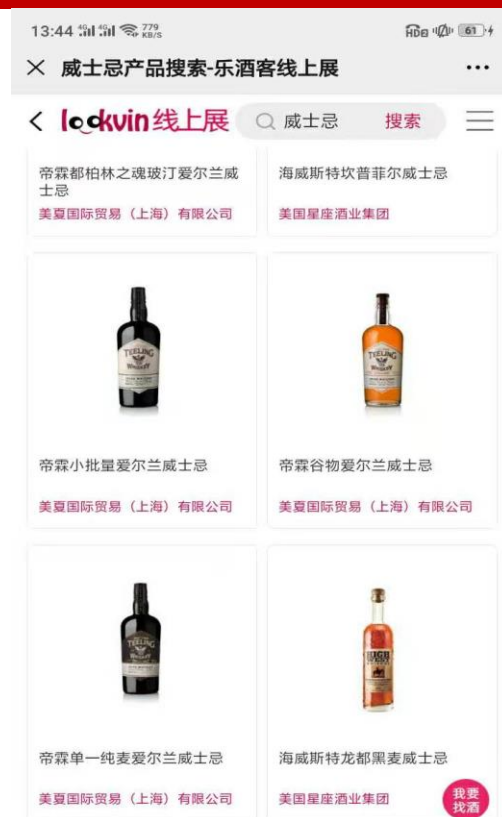
Ecommerce

- Major e-commerce platforms: several sellers with a broad range of products.
- Flagship stores of brands that have representative offices in China (see photo on the right).
- Smaller, specialized platforms
 - Jiuxian, Lookvin, 1919.cn, iSpirits...
 - Sell a wider range of products again, wider than the ones on JD/Tmall, slightly more expensive.
- Special packaging / gift package...

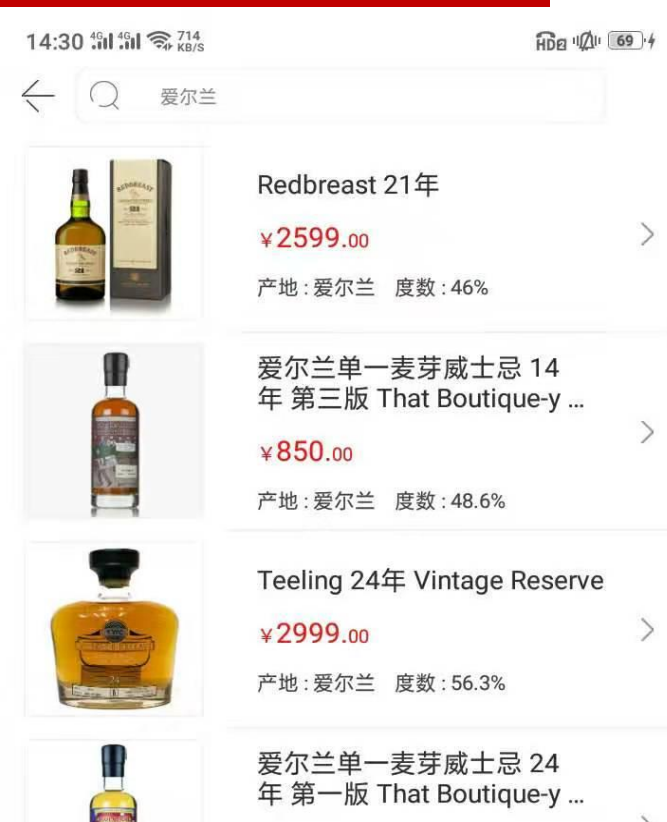


► Points of sale. Ecommerce

Ecommerce



Lookvin: e-portal dedicated to alcohol (information about exhibitions, distilleries, with an e-commerce section). High West, Teeling, Spirit of Dublin, The London N, several brandy options); worth connecting to explore further promotion of Irish brands.

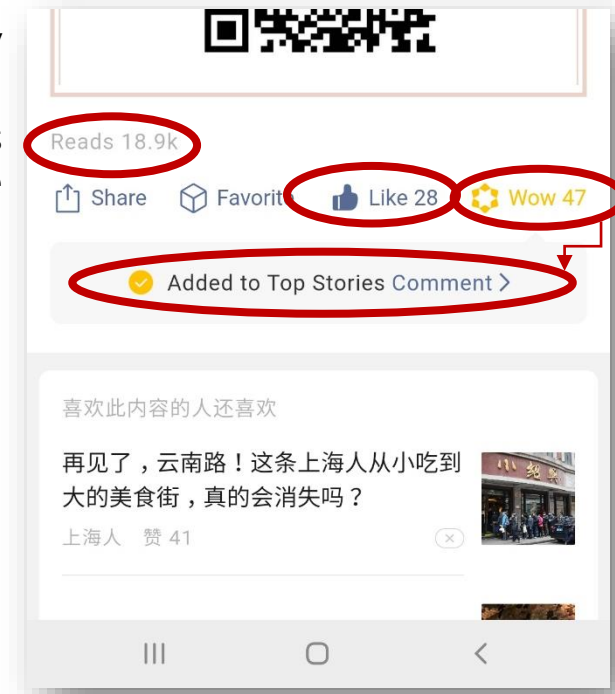


iSpirits (一口)
Whisky Magazine's app/website
Selection: Redbreast, That Boutique-y Whisky, Teeling 24 Vintage Reserve). They used to publish informative articles about whisky and other spirits until 2020; worth connecting to explore further promotion of Irish brands.

► Points of sale. Direct sales. WeChat accounts

Direct sales: WeChat accounts

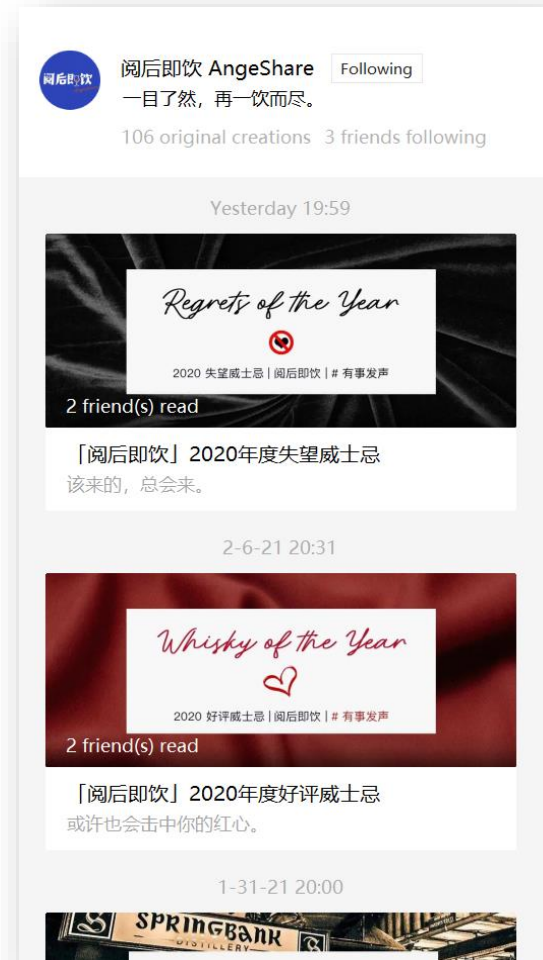
- WeChat accounts are partially an extension of the direct sales, but offer some particular characteristics:
 - Some WeChat accounts are created by T1 and T2 distributors but others are created by experts and whisky lovers; each reflects a very different approach (sales vs. tasting, promoting vs. educating, "neutral" vs. biased), group rules and product selection.
- In the end there are sales involved in both, as the organizer of the experts' group eventually wants to have his/her hobby compensated, either for profit or at least to cover some costs.
- According to the WeChat **organizers** interviewed, these groups don't solve the need for a supply chain and do not have the scale to be sufficient market on its own for any brand.
- WeChat provides information on the number of:
 - Reads = the number of users who opened the article (one individual user = one Read);
 - Likes = the number of likes an article received;
 - WOW = the number of users who WOW-ed an article (a WOW-ed article will show up as highlighted to the whole group of WeChat friends of the user who WOW-ed it).
- These accounts are, in our opinion, very relevant for Ireland Whiskey brand building and sales but must be integrated into a bigger strategy.



► Points of sale. Direct sales. WeChat accounts

Direct sales: WeChat accounts

- AngeShare / AngeShare Tiantuan
 - Official account and personal account
 - Dedicated to **sharing knowledge and information about spirits** (whisky primarily, rum, gin), including **introducing brands**.
 - Specialized explanations, including historical overviews and current trends of distilleries, brands and labels, as well as anecdotes, and recommendations for tasting/consuming.
 - AngeShare started in **October 2019** as an account that shares others' posts related to whisky. In March 2020, it branched into AngeShare Tiantuan which posts **original articles** aimed at **industry professionals and whisky lovers**, with detailed introductions to spirits, with a strong focus on whisky.
 - Around 180 articles in total with at least 500 reads per article.
 - **Texts are written with a basic premise "whisky = Scotch", with special indications when a whiskey is "Irish".**
 - Use of **specialized terminology** (in English and Chinese).
 - Usually ends with a question that invites for trying out new whiskies and learning more about the whisky/alcohol world.
- Recommended as one of entry points for **spreading awareness** about Irish whiskey and becoming more visible / growing closer to whisky lovers.



► Points of sale. Direct sales. WeChat accounts

AngeShare: "Whisky of the year"

Redbreast 2001 All Sherry, #17126, for CWS



As a member of All Sherry, the most-followed series under the Redbreast brand, this single pot still whiskey filled with sherry barrels shows the sweetest and most delicious side of traditional Irish craftsmanship. Full-bodied, mellow, sweet and full flavor, with oily tongue, this configuration makes people salivate just by listening, and it's true. The experience of a large amount of cream + chocolate flowing straight from the mouth to the nasal cavity is enough to be gratifying. The most worth mentioning is that **this bottle of wine has maintained a sense of balance from the two dimensions of acid and bitterness**, making it the most surprising Irish whiskey this year.

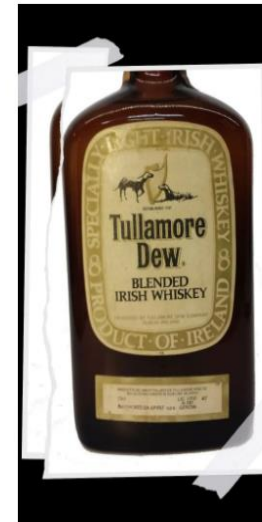
Source: AngeShare WeChat account articles, original in Chinese.

AngeShare: "Regrets of the year"



Tullamore Dew 8 year-old

Blend Irish Whiskey, 1968



Flavor keywords: air freshener, rose essential oil, sawdust, juice with water, spices

It has no characteristics, and almost lacks the appearance of strong alcohol. It is weak and harmless and useless. Fortunately, most people who are not Irish leek have no motivation to drink it.

► Points of sale. Direct sales. WeChat accounts

Educational (#whisky, #Irishwhisky, #ireland)

These WeChat accounts are informative about whisky/spirits brands and distilleries, flavours, ways of serving, and many other aspects of whisky/spirits culture. They are suitable for spreading awareness and knowledge; the articles are published daily or weekly, depending on the account, and are usually managed by whisky/spirits aficionados.



AngeShare



爱威先生



烈酒指南



饮事life



威时TOP



PERFECT
DRAM

Aqua Vitae Hiberniae

爱尔兰威士忌小集



AskJerry



微醺艺术



烈酒志



威士忌研究所



调酒师画报



WhiskyENJOY享威



酒百科



晚安鲁道夫

► Points of sale. Direct sales. WeChat accounts

Commercial (with some educational/informative content)
(#whisky, #Irishwhisky, #ireland)

These WeChat accounts are run by distributors or importers. They are usually aimed at sharing information about their business partners' brands and distilleries, and more knowledge about broader whisky/spirits culture and practices. Most of them offer an option to purchase drinks directly.



麦芽先生MrMalt



WHISKY LAB



威士忌国度



GothamEast东歌森



时久酒



锦GIN CLUB



广州市施旗贸易有限...

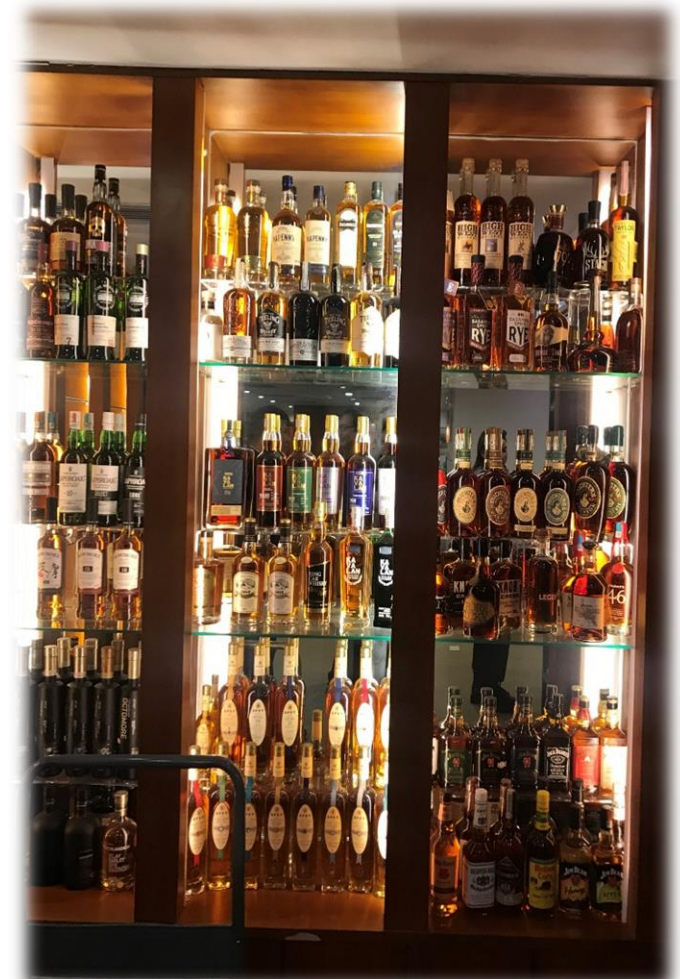


乐酒客lookvin

► Points of sale. Direct sales. Distributors

Direct sales: Distributors

- Direct sales have become a very relevant sales channel for spirits outside the main stream.
- These sales are normally pushed by T2 distributors or “communities”, frequently organised in WeChat groups.
- Distributors use **strong personal connections** to push the part of their portfolio that is mainstream.
- **Niche brands** should not try to target mainstream consumers who only buy brands they know. Rather, they should use their particular characteristics and quality to **appeal to whisky experts who are looking for something different**.
- This segment is not only about the product itself. We must recognize that there is also an **“image” component**, as the product will be commonly **consumed in a group of friends or business associates** and therefore the buyer is still looking for a **“story to tell”** that the product must provide.
- This segment operates in conjunction with the rest of the **T2 sales and strategy**, but addresses a relevant niche for some brands or particular products of some distilleries.



Photos: Eibens fieldwork

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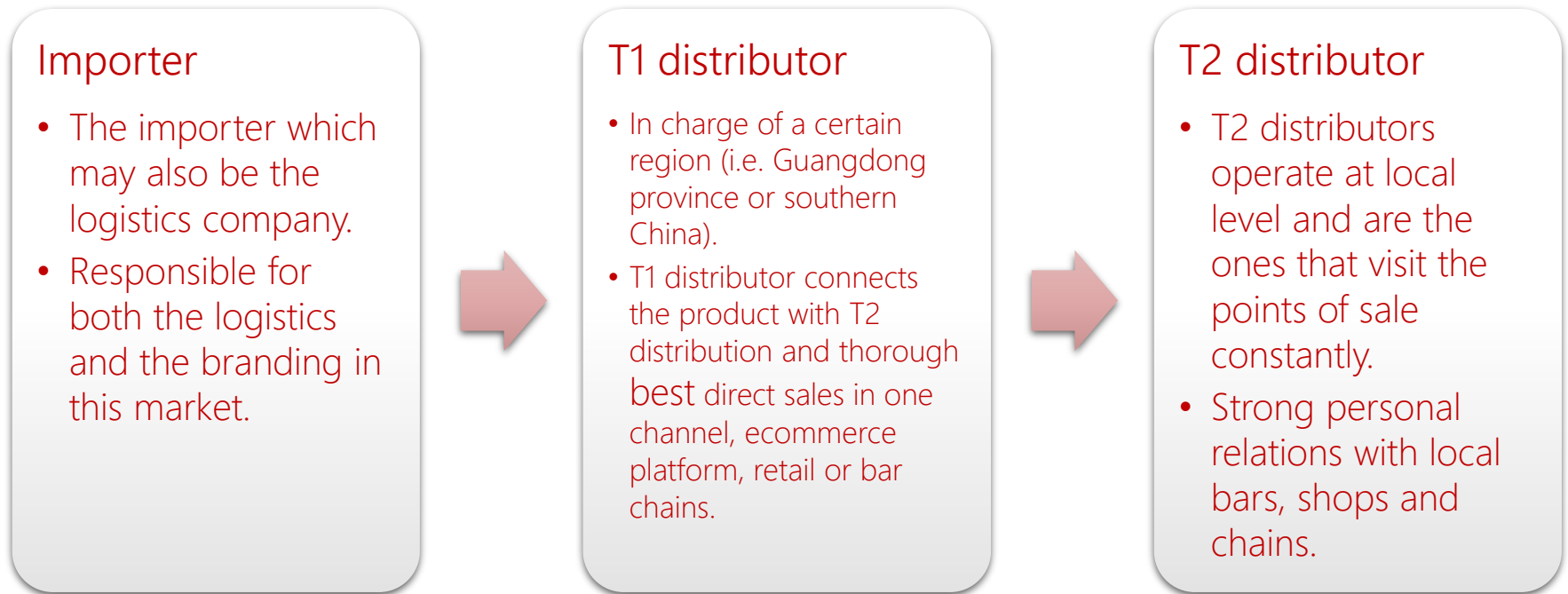
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RELEVANT CONTACTS

PROPOSED STRATEGY

► Supply chain

- There are 3 main roles in the importation and distribution of spirits in China:
 - These roles may be perfectly divided between 3 different companies or may be mix in some cases (e.g., multinational owned, with 4 T1s, and several T2s).
 - Importance of personal relations is crucial for the distribution in these chains.



Source: Eibens fieldwork

► Supply chain

Wine distributors

- Wine distributors are seeing the increase in whisky demand.
- They are using their established distribution networks to their advantage to sell whiskey (especially to bars or restaurants that do not require a wide range of whisky rather a few options).
- Their knowledge of the product is limited, and they do not really target whisky or cocktail bars.

The collage displays various promotional materials for CHEERS Award-winning wines. It includes several pages of wine listings with prices, a 'Cheers Makes You Smiles' advertisement, and a 'Start Your Own Business' recruitment flyer. The materials are in Chinese and feature various wine bottles and logos.

Top Left: A page showing various wine bottles with prices. Text: "在线上可以找到我们! You can find us online! 京东、淘宝、微店、美团外卖、饿了么、京东到家 JD, Taobao, Weidian, Meituan Waimai, Eleme, JD Daojia 更多惊喜陆续上线! More online stores are coming!"

Top Middle: A page titled "齐饮获奖葡萄酒产品 CHEERS AWARD-WINNING WINES" featuring a trophy and several wine bottles. Text: "齐饮获奖葡萄酒产品 CHEERS AWARD-WINNING WINES".

Bottom Left: A page titled "齐饮进口葡萄酒 CHEERS MAKES YOU SMILES" with a list of cities: 北京, 上海, 成都, 绵阳, 大同, 天津, 大连, 烟台, 西宁, 深圳, 青岛, 杭州, 南京, 长沙, 昆明, 贵阳, 西安, 兰州, 银川, 呼和浩特, 乌鲁木齐, 拉萨, 海口, 三亚, 珠海, 澳门, 香港, 台北, 首尔, 曼谷, 东京, 大阪, 名古屋, 京都, 横滨, 神户, 仙台, 札幌, 仙台, 名古屋, 京都, 横滨, 神户, 仙台, 札幌. Text: "齐饮进口葡萄酒 CHEERS MAKES YOU SMILES".

Bottom Middle: A page titled "诚邀加盟! START YOUR OWN BUSINESS!" with a QR code and contact information: "全国统一加盟热线 400 005 5500".

Bottom Right: A page titled "诚邀加盟! START YOUR OWN BUSINESS!" with a QR code and contact information: "全国统一加盟热线 400 005 5500".

Far Right: A page with a QR code and contact information: "地址 / Address: 北京东城区东直门内大街243号 No. 243 Dong Xi Nan Chang Dong Cheng District, Beijing. 送货电话 / Delivery TEL: 010-86210548 189-1145-9523. 北京五环路内消费满100免费送 免费 Delivery of purchase over RMB100 within 5th ring road Beijing. 注册成为CHEERS会员可享VIP权益 Enjoy VIP discount & benefits after sign up for CHEERS membership".

► Supply chain

Baijiu distributors

- Following the same logic as wine distributors, the baijiu distributors are trying to complement their portfolio with a fast-growing product.
- Again, their product knowledge is limited but their customers are partially aligned and allow for a wider distribution.
- It is unclear how interested they would be in developing the brand.



Photos: Eibens fieldwork

► Supply chain

New comers

- As it is common in China, a successful new product attracts new players looking for business, as it is expected to happen in the whiskey market in China.
- Knowledge is not necessarily adequate, and, in many cases, strategies are short-term orientated, attempting an expansion beyond its real capabilities.
- However, they are more open to new products and offer flexible conditions.



► Supply chain

Bulk and bottling
companies



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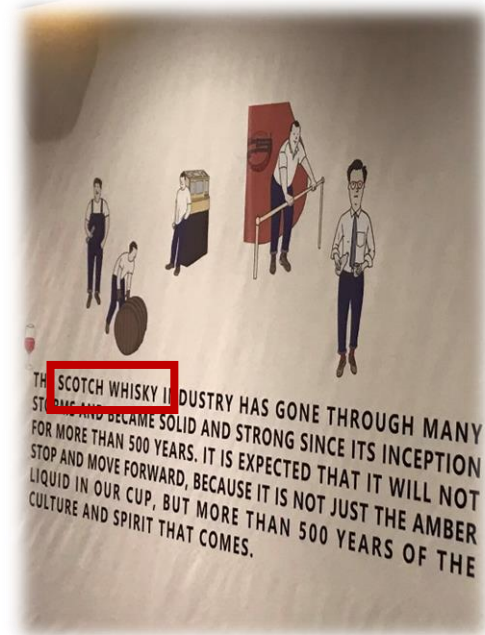
CASE STUDIES

RELEVANT CONTACTS

PROPOSED STRATEGY

► Irish brands

"Whisky Library" in Guangzhou: Scotch whisky ✓ Japanese whisky ✓ Irish whiskey?



The story about
Irish whiskey?

Photos: Eibens fieldwork

www.eibens.com

► Irish brands



Scotch (exclusive)

Japanese

Scotch (less exclusive)

Scotch (entry level) + Irish



Photos: Eibens fieldwork

www.eibens.com

► Irish brands

- Positioned on lower shelves.
- Weak knowledge /awareness about the products available in shops.
- Less variety than other whiskies.
- Jameson, Teeling
 - as one of the cheapest on the menu or not shown on the menu
 - used mostly in cocktails
- Tullamore Dew
 - seldom on the menus in bars and restaurants.
- Redbreast
 - Whisky/cocktail bars
- Dead Rabbit
 - with some distributors (for whisky bars)



Photos: Eibens fieldwork

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PROPOSED STRATEGY

► Marketing and promotion. Potential costs

Please note that market reality will not allow
for complex messages at the initial stage

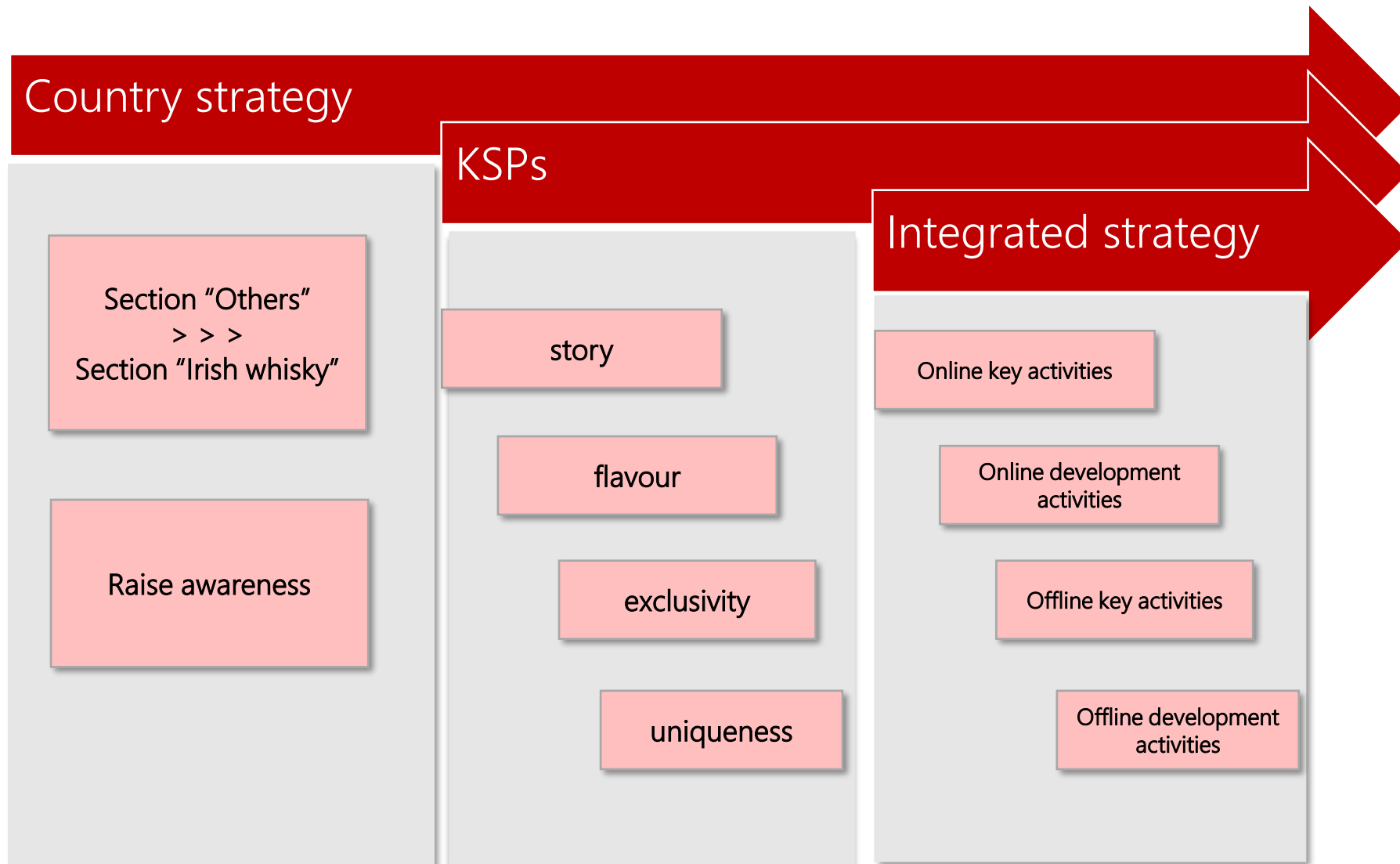
Ambassadors	Whisky fairs
Master class	Mixing drink and food ("Whiskey and oysters")
Guest shifts	WeChat accounts or social media columns
Bartenders competitions	Douyin videos
Trips to Ireland	KOLs

Source: Eibens fieldwork

► Marketing and promotion. Potential costs

Ambassadors	€1300–2500 per month depending on how senior for 3 or 4 events, for example 2 master classes, 1 tasting or event with food and several posts. Plus travel expenses.	Whisky fairs	Participation fees may vary from €2,300 upwards, depending on the fair, booth size, decoration and other requirements.
Master class	If paid individually €390–770 for delivery and about the same to get the audience. Plus venue costs.	Mixing drink and food	BoardBia Shanghai has experience and cost data
Guest shifts	€260–650	WeChat accounts or social media columns	<ul style="list-style-type: none">- Official cost of registering for an official WeChat account is \$100.- Commissioned articles on external accounts cost from €390–2600, and the price depends on the content and the positioning of the article.- Specialized columns cooperations may cost from €260/article and up.
Bartenders competitions	Prize for winner is variable, €260-390 worth. Venue costs.	Douyin videos with well-known KOLs	€13k/12k promo video (30-60 sec)
Trips to Ireland	Delayed due to Covid-19 As in any other business trip	KOLs	Varies greatly. See examples above

► Marketing and promotion



Source: Eibens fieldwork

www.eibens.com

► Marketing and promotion

KSPs



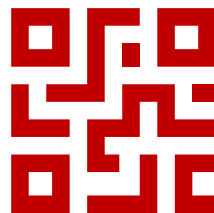
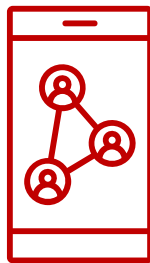
- Events: whiskey can be mixed with food.
- Whiskey > Gin > cream liquor: still researching, but very small market.
- Need to establish
 - the level of resources and choose a number of key cities to operate.
 - the level of cooperation and strategy integration with the brands
 - › leading brand
 - › brands operating in the market
 - › brands to access the market

Source: Eibens fieldwork

► Marketing and promotion

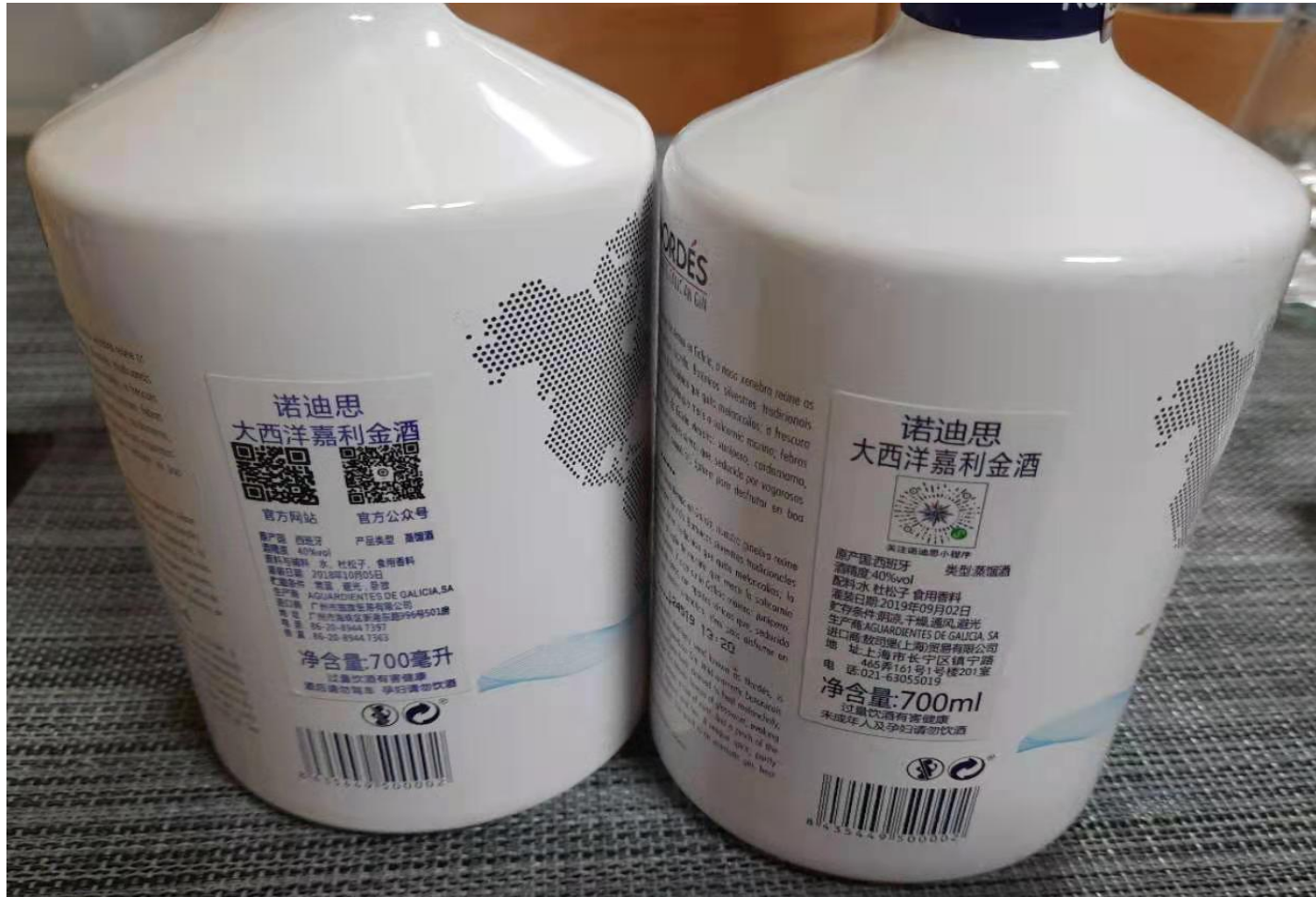
"Integrated strategy"

- **O2O integration (Online to Offline):** interconnection of online efforts with offline activities.
 - Companies operating in a group could provide synergies provided they have a complementary portfolio.
- Online key activities:
 - WeChat account (not recommended to spend many resources on a WeChat account in Year 1/market entry)
 - Support Irish Whiskey columns or posts
 - Get users and bartenders to post



► Marketing and promotion

Integrated strategy



► Marketing and promotion

Online development activities

- Douyin videos
- Weibo accounts, posts in the past week
 - #爱尔兰威士忌 ("Irish whiskey"): 46
 - #爱尔兰 ("Ireland"): > 100
- KOL promotional campaign



Marketing and promotion

Offline key activities

- Ambassador (could also be considered online)
- Masterclass
- Tastings
- Food pairings
- Whisky fairs (especially if our brands require identifying importers and T1 distributors)



Masterclass



Brand ambassador



Whisky fair



Food pairing



Tasting

Source: Eibens fieldwork; Photos: CVS, Mr. Whisky,

► Marketing and promotion

Offline development activities. Masterclass



Premium Italian Spirits Masterclass

DEC. 14, 15:00 - 17:00pm

北京千禧大酒店三楼财富二厅
Grand Millennium Beijing Fortune 2

意大利
精品烈酒大师班
三位鸡尾酒师共同呈现

调酒师利口酒必备神器：
收割意大利烈酒知识，向鸡尾酒清界挑战
意大利政府2020年底收官之战
意大利对外贸易委员会强烈推荐

Jerry
首席调酒师
北京 Ala House 酒吧

henry
深圳Night Animal
夜行的联合创始人

lisan
主理人
北京燕家2号酒吧

主办方：
意大利外交与国际合作部
意大利对外贸易委员会

协办方：
上海华饮贸易有限公司

invitation only
仅凭确认邀请函入场

I Love ITaly Spirits

Logos: ITA, Smolirink, and a QR code.

Master Classes are key for educational and promotional purposes. For Ireland, the initial target are bartenders, but different master class profiles can be introduced for whisky experts and later for other type of consumers (although “common” consumers may be better suited with a tasting or food pairing in general).



► Marketing and promotion

Offline development activities. Masterclass

Master classes often takes place in hotels, since bars tend to be small for them, at least when targeting bartenders.

The number of masterclasses for Ireland was recommended by the experts to be between 10 per year (once a month avoiding specific months) and twice a month and each T1 city could absorb once a month

Masterclasses are often delivered by BA (Brand Ambassadors) or the importer, not often by the T1 or T2 distributors. Even when they do, if the brand or the importer paying for it.



Marketing and promotion

Offline development activities. Guest Shift

Guest shifts are common for brand promotion (harder to apply for Irish country brand) and implies that a well-known bartender will cooperate with another bar and one or more brands for a short (one or few days) stage with cocktails created for the occasion.



Photos: respective WeChat moments

Marketing and promotion

Offline development activities. Guest Shift



Photos: respective WeChat moments

www.eibens.com

► Marketing and promotion

Offline development activities. Trips to Ireland

Visiting Ireland, seeing the distilleries and experiencing the country first-hand is one of the best ways to get professionals (and specific consumers) to try, remember and love your products.

Trips to Scotland have been key for sales to wealthy consumers, loyalty of distributors, sales people, bartenders, media and KOLs, etc.

Many companies have/had reward systems exchange trips to the distilleries for sales volumes to Scotland or USA. A few cases also reported for Ireland.

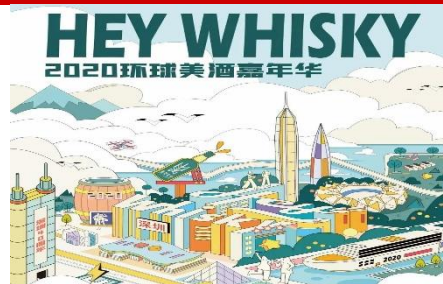
However, reward trips to outside China are to be delayed due to Covid-19.



► Marketing promotion. Fairs



- Whisky Plus
- www.whiskyplus.net
- Beijing/September
- Specialized whisky exhibition in Beijing



- Hey Whisky
- www.maiyaxiansheng.com
- May/October, Shenzhen
- Organized by Mr. Malt
- For wide whisky-lovers audience
- Whisky, other spirits + cocktails



- WhisJockey Canton
- www.sohu.com/a/361952120_684444
- Jan 4-5, 2020, Guangzhou
- Whisky Festival, organised by Gene Chang (an Asian version of the Whiskybase Gathering).
- Old and rare bottles, many Asian (independent) bottlings for the Asian market which never reached Europe.



- TOE Wine
- www.toewine.com
- Sep 16-18, 2021, Shenzhen
- Focused on wine, with an upcoming "Whisky Hall" specialized for whiskies.
- The organizers are well networked in the sector in Guangdong and work closely with distributors and experts.



- Whisky L
- www.whiskyl.com
- August, Shanghai
- Major whisky fair in China.
- Scotch, American, Japanese, Irish, Chinese (Taiwanese) whisky stations
- 200 brands, 1000 labels



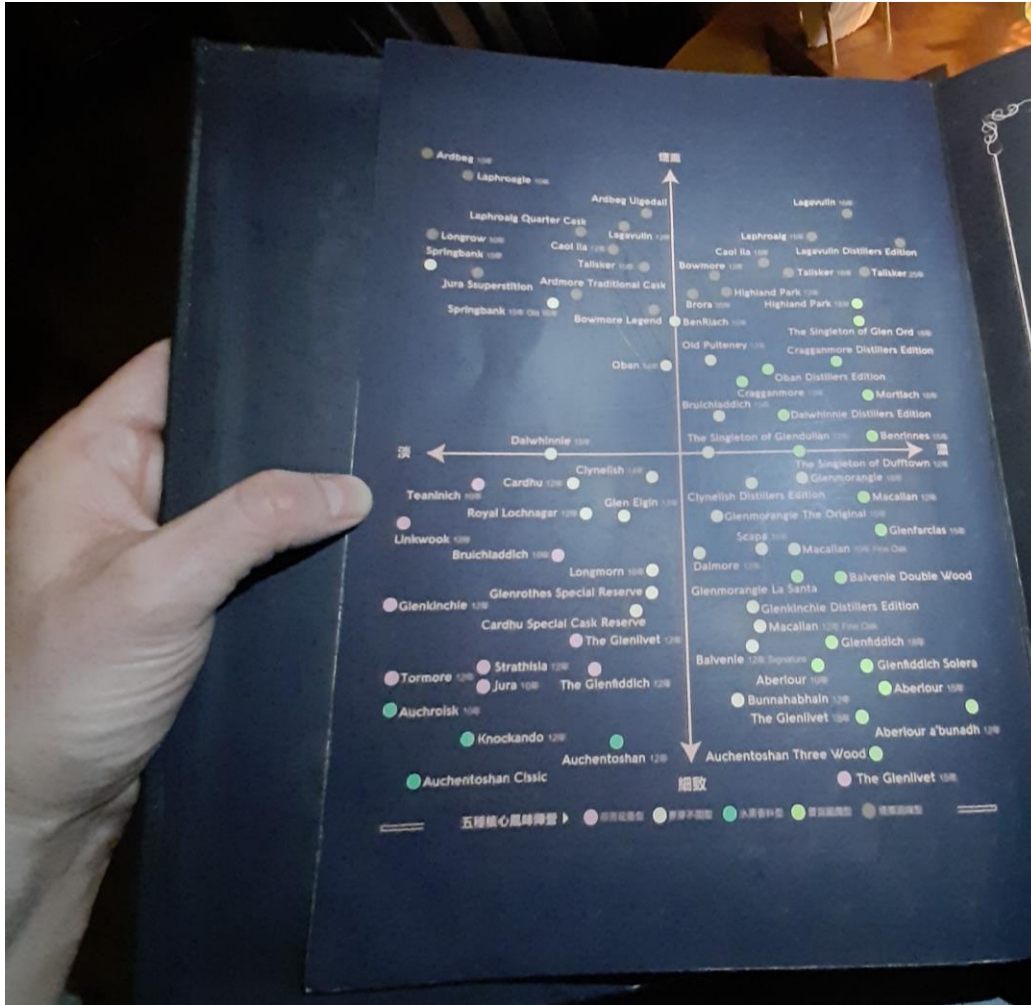
- Whisky Live
- www.whiskylive.com
- Xiamen, Chengdu, Changsha
- Whisky, vodka, gin, rum and brandy
- Diageo, Eddington, William Grant & Sons, Glenfarclas, Glenfiddich, Balvenie, Tomatin, Grencairn, etc.
- Master classes on site

► Marketing promotion. Fairs

- As whiskey becomes popular fairs may start introducing whisky companies and sections, like TOEWine. This implies that the major wine fairs have a growing presence of Whisky. However, in general, in case of participating in a fair is better to aim for a specialized one.
- Shanghai L is the biggest trade fair in China with a national reach, while Beijing has Whisky+, Shenzhen Hey Whisky, Guangzhou a smaller one called Whisjockey and Whisky life takes place in Xiamen, Changsha and Chengdu.
- For most of the Irish industry, fairs are a good way to find potential Chinese partners to build their supply chain. For this reason, the fair to choose depends on the distilleries and their objectives.
- As a country, probably "Whisky L" is the more versatile option, but Hey Whisky could be more focused in Guangdong.
- Whisky fairs are a bit less relevant for educational purposes
- If many brands share a booth, it is very important to coordinate messages and efforts to avoid confusion.
- Whisky fairs normally have a paid entrance and host parallel activities like masterclasses.

► Marketing and promotion

Others



Support to get to know the brands and educate about them.

Same simple ideas can have a relevant impact.

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► Price build-up

- Pricing will end up on a similar range as in the country of origin.
- Not all brands provide the same margin level, well known brands have a tighter margin. The key elements affecting pricing and therefore the margin for each role depend on:
 - Who has the rights on the brand and develops it (who does the marketing)?
 - Who holds the inventory?
 - Who has the relationship with the client?
- This explains why different models provide a different margin between the different roles, depending on the tasks taken and mostly the inventory stocks and ownership.



Source/Photo: Eibens fieldwork

► Price build-up

Item	Price overseas	Price China
Beefeater Gin, 700ml	11-14€	12-14€
Nordes, 700ml	20-30€	25-35€
The Macallan Double Cask Whisky 12 years, 700 ml	50-60€	60€
Johnny Walker Red Label, 700ml	12-13€	13-15€
Talisker 10 years old, 700ml	35-40 €	30-35€
Hibiki Harmony Japanese whisky 700ml	75-90€	140-160€
The Yamazaki Single Malt Whisky Distiller's Reserve, 700ml	85-100€	140-160€
Bailey's	11-13€	12-15€



Exchange rate: EUR/CNY: 7.7582 (on March 23, 2021, source: ECB)

► Price build-up

Price comparison

- In general, alcohol prices across different Chinese online platforms may vary quite significantly, for the same or similar products.
- There are a number of reasons contributing to this price variability:
 - Parallel imports market
 - Intraprovincial sales (i.e. different distributors, different sales volumes, different prices)
 - Discounts and promotions
- Companies need to set up mechanisms to overview and control sales prices.
- Point of sales benchmark:
 - WeChat shop
 - E-commerce platform shop

► Price build-up. Glenlivet

Impact of unregulated product and discounts on pricing

Taobao: Example 1

Price: ¥ 299 / €38.07



THE GLENLIVET 格兰威特

格
兰
威
特
创
始
人
甄
选
单
一
麦
芽
威
士
忌
700ML 官方正品进口洋酒新包装

价格 ¥ 799.00
促销价 **¥ 299.00** 优惠促销
本店活动 满299元减60元 更多优惠▼

运费 上海 至 北京▼东城区▼ 快递: 0.00

月销量 **500+** 送天猫积分 **149**

版本 **格兰威特创始人** 格兰威特12年陈酿 格兰威特12年雪莉桶陈酿
格兰威特15年 格兰威特纳朵拉初桶 格兰威特18年定制款

颜色分类 

数量 件 库存356件

花呗分期  登录后确认是否享有该服务 什么是花呗分期

Taobao: Example 2

Price: ¥ 243 / €30.94



THE GLENLIVET 格兰威特

【礼盒装】 格兰威特创始人700ml 甄选系列单一麦芽苏格兰威士忌
官方授权 原装进口 一瓶一码

价格 ¥ 253.00 180.71元/500ml
促销价 **¥ 243.00** 新年特惠
活动一 满243元减60元 更多优惠▼
活动二 满1件,送任意1件赠品 (赠完即止) 更多优惠▼

运费 福建厦门 至 北京▼东城区▼ 快递: 0.00

净含量 700ml

月销量 **0** 送天猫积分 **121**

颜色分类 **【礼盒装】 格兰威特创始人700ml单一麦芽威士忌**

数量 件 库存9999件

花呗分期  登录后确认是否享有该服务 什么是花呗分期

► Price build-up. Glenlivet

Impact of unregulated product and discounts on pricing

Taobao: Example 3

Price: ¥ 210 / €26.73



进口洋酒 Glenlivet 格兰威特1824创始人甄选单一麦芽威士忌
开创者George Smith 美国橡木桶

价格	¥ 599.00
促销价	¥ 210.00 让利促销
本店活动	满4件,送任意1件赠品(赠完即止); 满6件,送任意1件赠品(... 更多优惠)
运费	北京 至 北京东城区 快递: 0.00
月销量	9
送天猫积分	105

版本	薛萃单一麦芽苏格兰威士忌12年陈酿	创始人甄选系列
数量	1 件	库存10件
花呗分期	登录后确认是否享有该服务 什么是花呗分期	
	¥71.61x3期 (含手续费)	¥36.57x6期 (含手续费)
		¥18.81x12期 (含手续费)

Taobao: Example 4

Price: ¥ 160 / €20.37

Price range:
€20.37-€38.07



一瓶一码 格兰威特1824创始人甄选首席师单一麦芽威士忌700ml
多家大型酒类企业在华特约经销商及合作伙伴

价格	¥ 493.00
促销价	¥ 160.00 爆款促销
运费	江苏苏州 至 北京东城区 快递: 0.00
	17:00前付款, 今天发货
月销量	15
送天猫积分	80

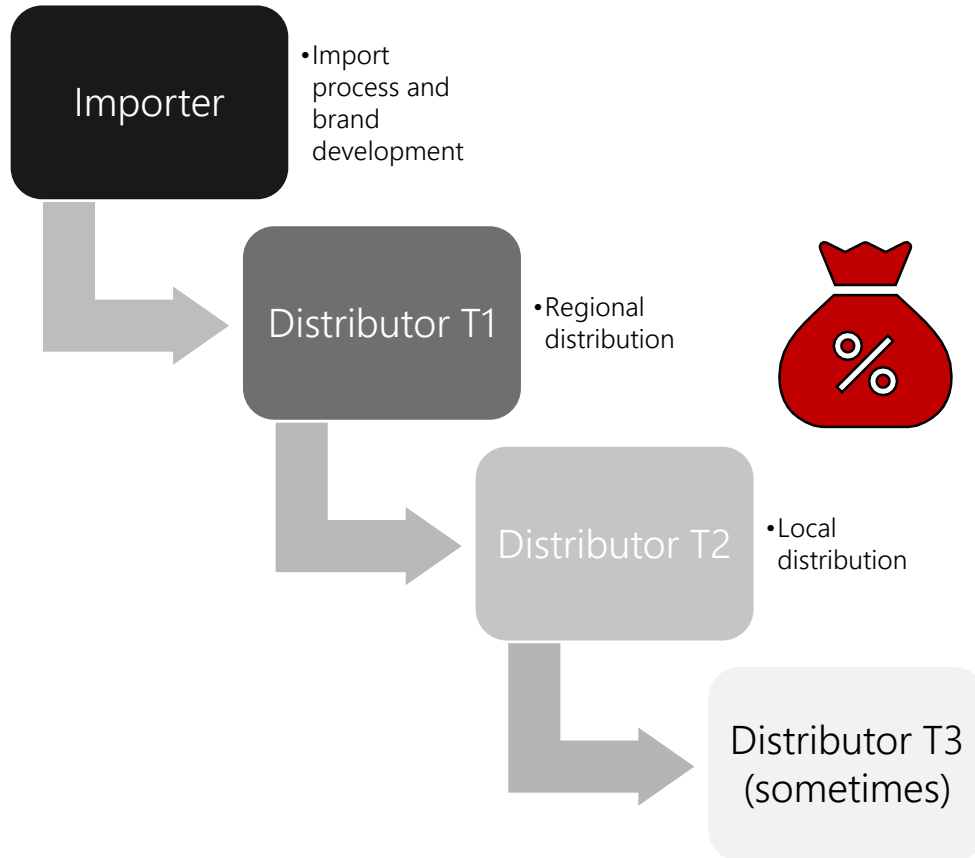
数量	1 件	库存483件
花呗分期	登录后确认是否享有该服务 什么是花呗分期	
	¥54.55x3期 (含手续费)	¥27.86x6期 (含手续费)
		¥14.33x12期 (含手续费)

立即购买

加入购物车

► Price build-up

Supply Chain



Taxes

Tariffs
10%

Consumption tax
20%

VAT
13%

Price build-up

Taxes

- Tariffs: **10%**
- Consumption tax: 20%
- VAT: 13%

Labeling and warehousing

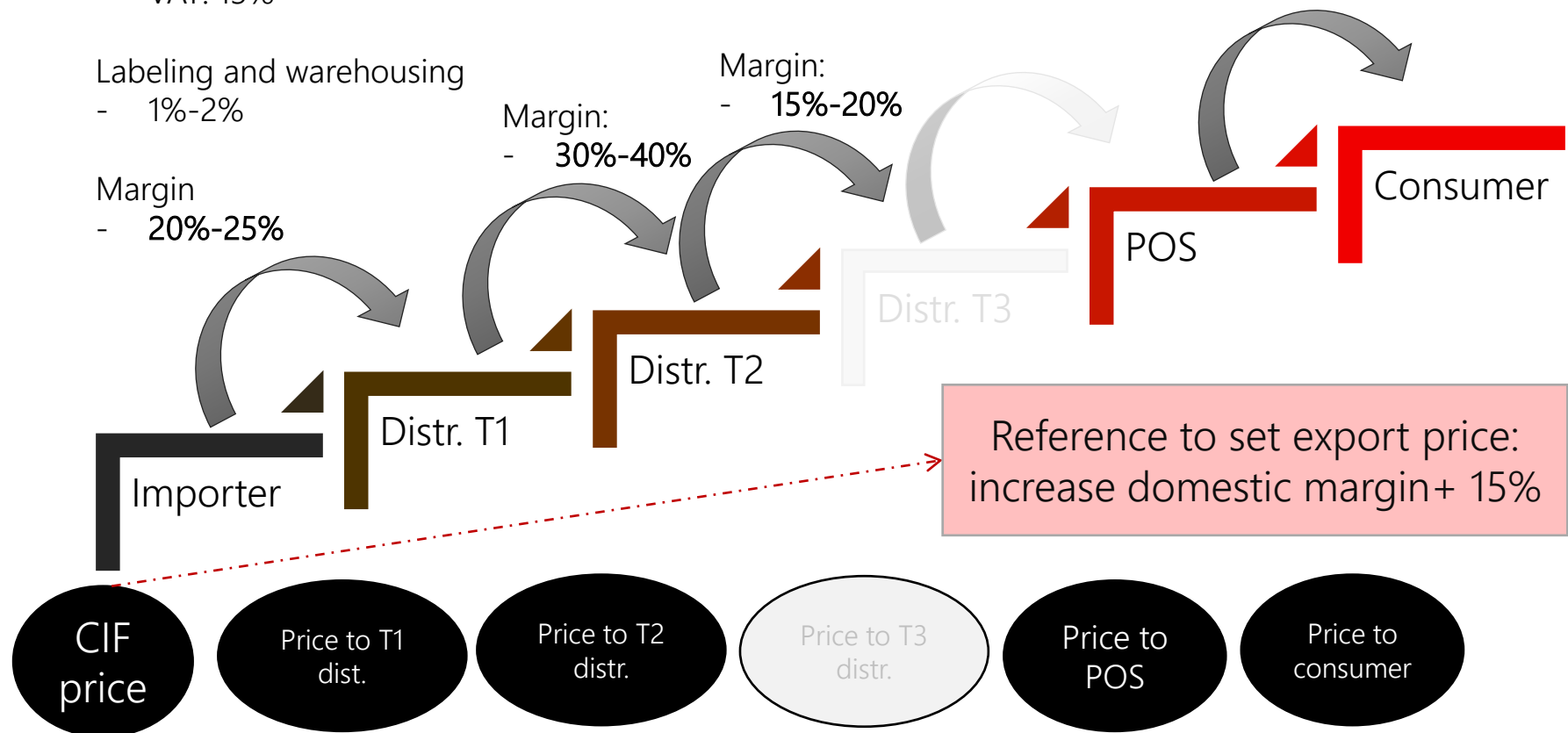
- 1%-2%

Margin

- 20%-25%

Margin

- Retail: 30%-60%
- Online: 30%-40%
- Bars: ~50%



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► Regulatory framework



Import
procedures



Labeling



Taxes and
tariffs

Relevant
regulations



Relevant
standards



Promotion



▶ Regulatory framework. Import procedures

Finding an importer

- Local importer must have a valid **Business license, Import license and Alcohol Distribution license**.
- Shops must have a **license to sell alcohol**. Some retailers might use the license of the shopping mall where they are located.

GAC registration

- Overseas producers, exporters and importers/agents are required to filling online GAC registration (previously AQSIC):
<http://ire.customs.gov.cn/>.

Importer filing and label filing

- Importers are required to apply for filing at local industry and commerce dept.
- For products imported for the first time, importers shall submit required documents to GAC for compliance verification, including samples of the Chinese label (some ports might require label samples with every shipment).

GAC: General Administration of Customs of the PRC,
AQSIC: General Administration of Quality Supervision,
Inspection and Quarantine of the PRC

► Regulatory framework. Import procedures



```
graph TD; A[Goods declaration and CIQ inspection] --> B[Import tariffs and fees]; B --> C[Customs release];
```

Goods declaration and
CIQ inspection

- Documents submitted before shipment arrives: **Application for Import Products Inspection Form**, contract, commercial invoice, packing list, bill of lading, certificate of origin, health certificate.
- Some ports may require **copy of labels** with every shipment.
- **Samples inspection**. Samples are taken from every shipment. However, in practice they are only examined once or twice per year, while the rest of the times they are just taken for reference.

Import tariffs and fees

- Import tariffs include: customs duty, consumption tax and value added tax
- Fees include: customs handle fees, inspection and quarantine fees, port fees, the customs supervised warehouse fees, etc.

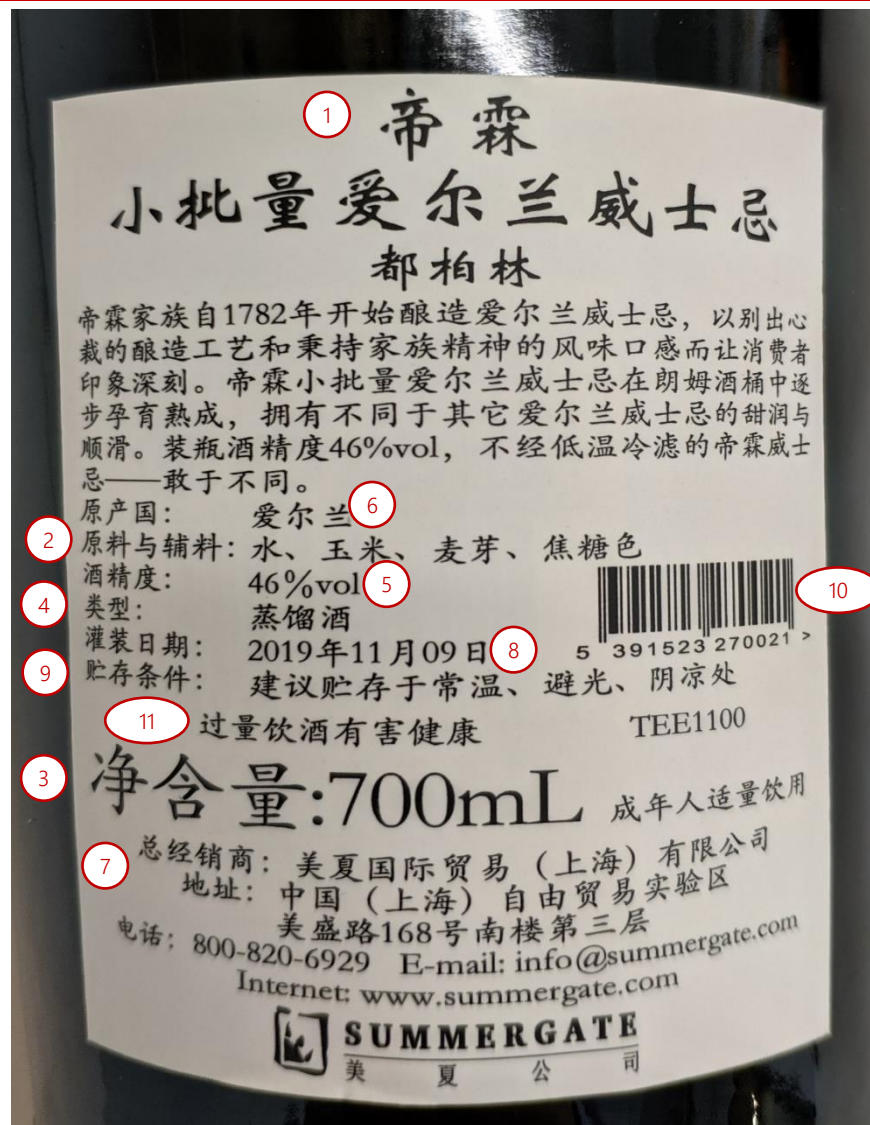
Customs release

- After obtaining the **customs clearance form** for goods, products are allowed to be shipped out of the supervision warehouse.
- **Chinese health certificate** is obtained about 2 weeks after clearing from warehouse. Products cannot be sold before, but it is common practice to commercialize the goods right after customs clearance.

CIQ: China Inspection and Quarantine

Regulatory framework. Labeling. Compulsory information

1. Product name
2. List of ingredients
3. Net content
4. Product type (spirits)
5. Alcohol content
6. Country of origin
7. Distributor's name, address and contact information
8. Bottling date. Exp. date is not mandatory for alcohol, but some ports may require it. Companies can include a long-term date (e.g. 30 years).
9. Guidance for storage
10. Barcode
11. Warning statement ("excessive drinking is harmful to health")

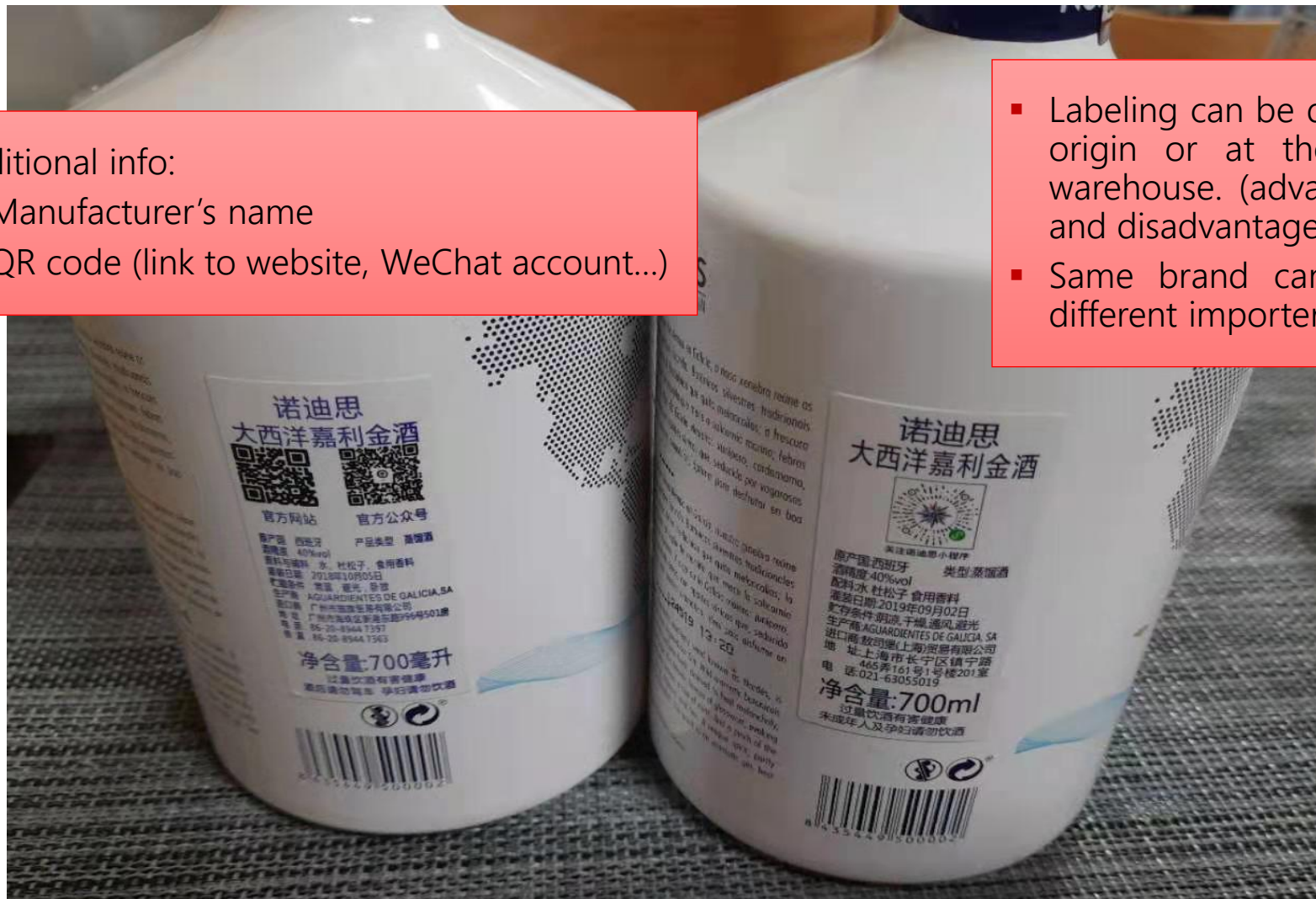


Regulatory framework. Labeling. Additional remarks

Additional info:

- Manufacturer's name
- QR code (link to website, WeChat account...)

- Labeling can be done in origin or at the port warehouse. (advantages and disadvantages).
- Same brand can have different importers.



Regulatory framework. Labeling. Additional remarks

Register your trademark

Companies must be willing to invest a few hundred Euros in protecting their trademark before accessing the Chinese market

- Specific for Mainland China/Hong Kong /Macau/Taiwan
 - System first to file. Start before having any contact with China.
 - Protects categories
 - Long process (15-18 months)
- Cost.
 - Under your own name.
 - Adapt:
 - Chinese name
 - Include logo



► Regulatory framework. Taxes and tariffs

Tariffs 10%

Consumption tax 20%

VAT 13%

HSC	MFN tariff	Special rates
2208.30 Whiskey	10%*	<ul style="list-style-type: none">- 0% ASEAN, Singapore Chile, New Zealand, Peru, Costa Rica, Switzerland, Iceland, Australia, Hong Kong, Macao, Georgia, Mauritius, LDC- 3% South Korea- 5% Pakistan
2208.50 Gin, geneva	10%	<ul style="list-style-type: none">- 0% ASEAN, Singapore Chile, New Zealand, Peru, Costa Rica, Switzerland, Australia, Hong Kong, Macao, Mauritius, LDC- 2% Georgia- 3% South Korea- 4% Pakistan
2208.50 Vodka	10%	<ul style="list-style-type: none">- 0% ASEAN, Singapore Chile, New Zealand, Peru, Costa Rica, Switzerland, Australia, Hong Kong, Macao, Georgia, Mauritius, LDC- 3% South Korea- 4% Pakistan
2208.70 Liqueurs and cordials	10%	<ul style="list-style-type: none">- 0% ASEAN, Singapore Chile, New Zealand, Peru, Costa Rica, Switzerland, Iceland, Australia, Hong Kong, Macao, Georgia, Mauritius, LDC- 3% South Korea- 4% Pakistan

* Whiskey enjoyed a reduced tariff rate of 5% that was [eliminated from January 2021](#)

Source: Ministry of Finance of the PRC

► Regulatory framework. Relevant regulations

Regulation	Effective date	Description
<u>China Food Safety Law</u>	01/10/2015	The law atop all food-related regulation safety in the PCR.
<u>Measures for Administration of Imported/Exported Food Safety</u>	01/03/2012	Applicable to the inspection, quarantine, supervision and management of imported and exported food.
Measures for Administration of Imported Alcohol in Domestic Market	09/09/1997	Requirements for imported alcoholic beverages wholesalers.
Administrative Regulations on the Inspection and Supervision of Labelling of Imported and Exported Pre-packaged Food	01/06/2012	The general provisions on labeling that all pre-packaged foods should follow.
Administrative Provisions on Filing of Importers and Exporters of Imported Foods (former AQSIQ Order 55 of 2012)	01/10/2012	Overseas exporters, importers, agents shall fulfil record filing obligations with GAC through the online system.
Administrative Provisions on Recording of Import and Marketing of Imported Foods	01/10/2012	Management in the stage of domestic circulation, mainly on the consignee part.

► Regulatory framework. Relevant standards



China National Standards
中华人民共和国国家标准

Standards	Effective date	Description
GB 2758-2012 Fermented Alcoholic Beverages and Their Integrated Alcoholic Beverages	01/02/2013	General standards for fermented alcoholic beverages, including terms and definitions, technical requirements and labelling.
GB 7718-2011 General Standard for The Labeling of Prepackaged foods	20/04/2012	General requirements of all kinds of pre-packaged foods including alcoholic beverages.
GB/T 17204-2008 Classification of alcoholic beverages		Regulation on the amount of alcohol content in the definition of fermented alcoholic drinks and distilled spirits.
GB 11857-2008 Whisky	01/06/2009	Specifies the terms and definitions of whisky, requirements, analytical methods, inspection rules and signs, packaging, transport and storage.
GB/T 11858-2008 Vodka	01/06/2009	Specifies the terms and definitions of vodka, requirements, analytical methods, inspection rules and signs, packaging, transport and storage.
GB 2757-2012 Distilled Spirits and Formulated Spirits	01/02/2013	Scope, terms and definitions technical requirements and labeling of distilled and formulated spirits.

The prefix "T" indicates Recommended (non-mandatory) standards

► Regulatory framework. Relevant standards

GB 11857 / 2008 Whisky

A couple of links with English info on this:

- A translation of the draft of the standard with basic information:
[GB/T 11857-2008 PDF English. \(chinesestandard.net\)](#)
- The last page of the article contains a selection of relevant information; description of the terminology, definition and classification of whisky in China (see next slide):
[Chinese-whisky-development IBD-BDI-June-2020-compressed.pdf \(briggsplc.com\)](#)

What to look out in the Chinese standard to avoid problems when exporting to this market?

1. Whisky category. It is important to work with the importer for a correct categorization of our Whiskey. In many cases this also implies some “educational information” from the importer to customs personnel.
2. Ingredients. To some extend yeast but most importantly the caramel.
3. Start with an export test.
4. Work with your importer but don't leave everything to them.

► Regulatory framework. Relevant standards

GB 11857-2008 Whisky

Art. 3 Terminology and definition

3.1 Whisky – A spirit drink produced from a mash made from malt and cereals which has been through mashing, fermentation, distillation, maturation and blending.

3.1.1 Malt Whisky – A spirit drink produced from a mash made from all malted barley which has been through mashing, fermentation, distillation, maturation in oak cask for two years and blending.

3.1.2 Grain Whisky – A spirit drink produced from a mash made from cereals (rye, wheat, maize, Highland barley and/or oat) which has been through mashing, fermentation, distillation, maturation in oak cask for two years and blending. Highland barley, *Hordeum vulgare var. nudum*, is a special barley variety only grown in Tibetan Plateau.

3.1.3 Blended Whisky – A whisky produced from blends of certain portion of malt whisky and grain whisky.

Art. 5 Quality requirement

Grade	Premium	Good
Observation	Clear with no suspension and sediment	
Colour	Light golden to golden yellow	
Aroma	Should have malty and/or grainy flavour, the harmony flavour given from oak, strong aroma, and/or the aroma acquired from peat.	Should have malty and/or grainy flavour, the inferior harmony flavour given from oak and/or the aroma acquired from peat.
Taste	Rich, rounded and sweet. Should have malty and/or grain flavour, the taste/flavour given from oak. No apparent off-note.	Less rich, rounded and sweet. Should have malty and/or grain flavour, the taste/flavour given from oak.
Style	Should have its unique style.	Should have its obvious style.

5.1 Sensory requirement

Grade	Premium	Good
Alcohol(%vol)* >=	40.0	
Total acid (as acetic acid) [g/L (Pure Ethanol)]	<= 0.8	<= 1.5
Total ester (as ethyl acetate) [g/L (Pure Ethanol)]	<= 0.8	<= 2.5
Total aldehyde (as acetaldehyde) [g/L (Pure Ethanol)]	<= 0.2	<= 0.4

* The allowed error between real and label is 1.0%vol.

In the Chinese whisky standard, producers may purchase beer directly from a brewery and distil it – and then launch it as whisky after a two-year-maturation in any size oak cask. No specific age requirement means the whisky could be labelled as two years old, 24 months old, or 730 days maturation.

The ongoing situation is that some businessmen buy whisky from anywhere in the world, bottle it in China, and call it Chinese whisky – which is as same as the previous Japanese whisky fraud. Moreover, there is no region and geographical indication – as you are able (for example) to produce whisky in Scotland but brand it as Chinese whisky.

There are countless loopholes in the standard – and several companies take advantage of these to mislead the consumers with obscure advertising and promotion. Unfortunately this sabotages the development of Chinese-made whisky. It is understandable that not much attention was paid to this industry in the past but if Chinese whisky is to have a promising future, people who work in the industry will need to work

5.2 Analysis (chemical) requirement

Chemical	Index Grain-related
Methanol [g/L (Pure Ethanol)]	<= 0.6
Cyanide (HCN) [mg/L (Pure Ethanol)]	<= 8.0

Source: [IBD](#)

► Regulatory framework. Promotion

No major restriction on promotion

Operates in a similar way as in Europe 10-15 years ago.



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1 Japanese Whisky

2 Scotch Whisky

3 Gin brands strategies

4 Howard Cai Selection

5 High Coast Swedish distillery

6 Douglas Laing's company



Photo: Eibens fieldwork

www.eibens.com

► Case studies

Japanese Whisky



► Case studies

Japanese Whisky

- Japan is not a historical origin for Whisky and most of Japanese Whisky comes from Scotland to be finished in Japan; in any case Japan has a very strong reputation in Guangdong province, even surpassing that of Scotch for some people and sells considerably more expensive.
- The main reason why Japan has been very successful in positioning itself has been mostly the limited offer, considering limited editions, small batches, or overall a relatively short supply.



► Case studies

Japanese Whisky

- It wouldn't be right to assume that just a short supply could bring anybody to the top of the market, this strategy needs to be combined with other characteristics. To which extent each plays a role is driven by opinion, but the following have been mentioned as having influence on success:
 1. Japanese restaurants, widely common in China, did play a role in the product penetration. Sake distribution and restaurants would facilitate the initial efforts in the Chinese market by ensuring a basic structure and sales perspective.
 2. The use of Chinese characters in Japanese whiskey labelling, making it easier for consumers to recognise and remember.
 3. Japanese brands are built on a country image and cultural perception in China. While Ireland does not have this level of recognition in China, Irish Whiskey industry could position Ireland of the origin as Whiskey/Whisky.
 4. Japanese Whisky became popular initially among women.

► Case studies

Japanese Whisky

- Using this strategy, Japanese Whiskey moved from selling bottles for a reference price of 200 or 300 RMB to a 2.000 RMB range.
- In any case, to secure a route-to-market is essential to be able to gain a foothold in the market, which requires an importer taking care of the brand, T1 and T2 distribution.
- The Japanese brands that are well known in the market are Yamazaki, Hibiki, Hakushu and Suntory (Suntory even with supermarket entry level versions). For high-end versions, normally 12 years old single malt is preferred but, as brands become more established, they introduce other products in the range.
- Japanese whisky is a very good case study to illustrate how limited editions, market adaptations and aiming for high-end consumers can provide a strong brand development in only a few years in China.



► Case studies

Scotch Whisky

- Scotch whisky is the best-known whisky in China, particularly the “single malt 12 years old Scotch” is probably the reference to which any other Whisky is compared, however most consumers do not know what that means.



► Case studies

Scotch Whisky

- The key for this dominant position has been built on:
 - A booming Chinese market used to spirits consumption but looking for new products:
 - Whisky is now the trendy drink, but brandy (Cognac) was stronger previously, and to a large extent, it opened the path for Whisky.
- Promotion of the brands:
 - It was not Scotland or UK who built the image of the product.
 - This was done by the leading brands, many owned by multinationals, which impose their image and standards to those segments of the market eager for new products.
 - At the moment when Scotch entered the market, the knowledge about whisky culture was very limited. Scotch generated the first strong impact after which the market understood any feature coming from Scotland as the standard for whisky.



► Case studies

Scotch Whisky

- The simplification of the perception of Whisky to a few items easy to identify and measure regardless of what that means for consumers' taste:
 - With the development of the whisky market in China, the brands and the Chinese consumers took a "shortcut" towards market knowledge (taking Scotch as reference for "good" whisky).
 - 12 year old single malt was the first to enter the Chinese market, and the impact of this is that anything less than 12 yr old single malt is seen as inferior. Nevertheless, Irish exporters need to be cognisant of this and try to work with it rather than against it.
 - In Guangdong province, it was approximately 5 years ago that brands started prioritizing "single malt" over "blended" in the drinks menus. The menu lists often separate:
 - single malt Scotch
 - blended Scotch
 - Japanese
 - maybe "Bourbon"
 - and "Others" (where Ireland is included).

Scotch Whisky

- Other considerations:
 - The brands are also using the development of the market for introducing products by offering an aging range.
 - It is not as common for Scotch to try to develop a "limited edition" or scarce offer strategy, to compete against the Japanese strategy.
 - Other aspects of Scotch, such as regions within Scotland, are not well-known and are rarely a key decision point for purchase/consumption. Even flavour may not be as relevant as one would imagine, however, we can generalize that smoother flavors are preferred.
 - Inevitably for Irish Whiskey, it is needed to keep an eye on Irish Whiskey in China to understand the market, and to build a strategy based on the current market situation.

► Case studies

Scotch Whisky

Key takeaways:

- Scotch has invested heavily in placing the products on the Chinese market, and now dominates a really promising market.
- Ireland will have to deal with a market shaped by Scotch and, at the same time, introduce variations both suitable to Irish distilleries and needed to establish the product on the Chinese market.



► Case studies

Gin: Nordés and Gin Mare

- "Nordés" and "Gin Mare", different gins and strategies in China.
- How the Spanish gin Nordés managed to be on most Cocktail bars in major Chinese cities.
- How Gin Mare is facing a slow development.



► Case studies

Nordés and Gin Mare: Retail prices Spain vs China

Gin brand	Spain	China
Nordés 700ml*	€22-26	€30-35
Gin Mare 700ml*	€30-35	€40-45

Source: Carrefour.es (Spain), JD.com (China)

► Case studies

Nordés: Introduction

- In 2012, Nordés was founded in Spain to produce gin over a base of the albariño wine typical of the region and started exporting almost immediately.
- In 2015, Nordés was purchased by a larger Spanish F&B conglomerate, Osborne Group.
- Sales have been doubling most of the years until Covid-19.
- Nordés exports to over 30 countries but 74% (2018) of their sales are concentrated in Germany, Italy and Belgium.
- In 2014, Nordés was producing 18.000 cases, in 2017 58.000 cases and in 2019 some sources estimate 75.000 to 85.000 cases.



► Case studies

Nordés in China

- China represents a small client but it is showing good performance and potential.
- The positioning in China has seen two clear stages, before and after 2016.
 - A. Until the end of 2016 the brand was present in China through a wine distributor specializing in Spanish products and was present in restaurants of Beijing and Shanghai mostly, with some online sales.
 - B. After the acquisition of the brand by Osborne Group in 2015 it took over a year for them to change the strategy and replace the previous distributor and start targeting the bar industry, starting a WeChat account, regular promotions and brand ambassadorship.
- In 2017 Nordés got the gold medal in the China Wines and Spirits Awards.



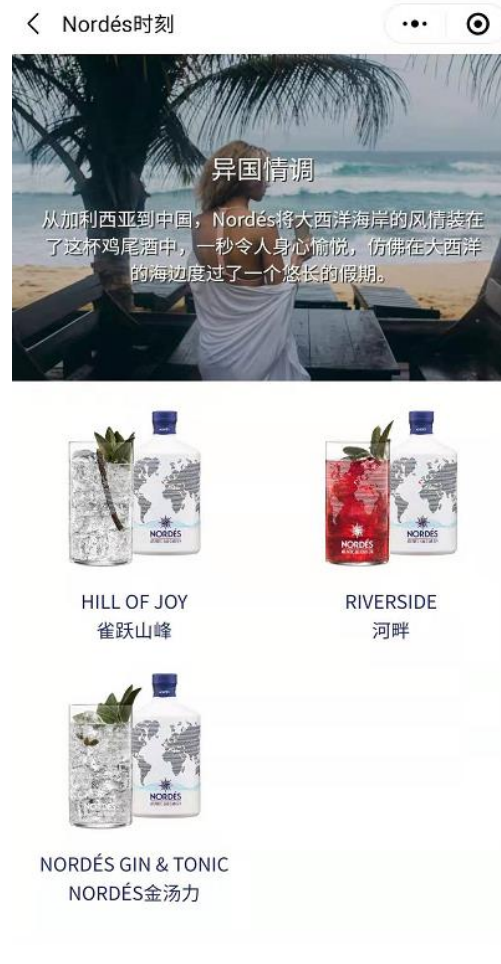
Case studies

Nordés in China



► Case studies

Nordés in China: WeChat promotion



► Case studies

Nordés in China: WeChat promotion

- Currently the brand is found in many cocktail bars in Beijing, Shanghai, Shenzhen and Guangzhou.
- Bartenders will agree that it almost doesn't feel like a gin, with several flavors, some will say many "chemicals", however the gin has gained a reputation among consumers precisely for those reasons and bar tenders admit the product works well and promotion its effective. The brand has been growing between 30 y 40%.
- Note that the bar purchasing price could be around 190 RMB while beefeater (most common gin used in cocktail bars in China) is under 100 RMB.

Key takeaway:

- Price for gin is more restricted than whisky but there is some room for maneuver as long as you carry a unique product, do promotion and stay under 200 RMB selling price to bars.



The poster is for a Nordés Gin promotion. At the top, it features the Nordés Gin logo with a starburst icon and the text 'NORDÉS GIN 诺迪思·金酒'. Below this is the main headline '闻香识我!' (Know me by my scent!) in large, bold Chinese characters, followed by 'Nordés Party Nights' and '诺迪思之夜' (Night of Nordés). A line of English text reads: 'Nordés would like to cordially invite you for a Nordés guest bartenders party around you!' with the Chinese translation '诺迪思邀请您参与特约调酒师的精彩派对!' below it. In the center is a bottle of Nordés gin with a world map design on the label. To the right of the bottle are three circular portraits of people: Eddy Yang, Kevin Song, and 大白 (Dabai). Below the portraits, the event details are listed: 'Time 时间 July 7月' and 'Location 地点 Shanghai | Beijing | Guangzhou | Shenzhen | Tianjin' (上海 | 北京 | 广州 | 深圳 | 天津). At the bottom right, there are two QR codes: one for 'OSBORNE WECHAT 微信公众号' and another for 'NORDÉS MINI PROGRAM 微信小程序'. A small note at the bottom right says: '*Scan QR code for more information. 更多活动信息, 请扫描二维码了解更多.*'. At the very bottom, the text reads: 'You don't know what it is but you know it's Nordés Gin!'.

► Case studies

Gin Mare: Introduction



- Gin Mare was created in Spain in 2010 and defines itself at a Super Premium Mediterranean gin.
- The first year the company produced 60.000 bottles and in 2018 the company reached 200.000 cases.
- In 2018 exports accounted for two thirds of its production with Germany, Italy, UK, Belgium and USA as main targets.
- The brand is already in 85 markets.

GIN MARE
MEDITERRANEAN GIN



► Case studies

Gin Mare: Introduction

- In China they have an agreement with an importer specializing in quality brands, many from independent distilleries and Gin Mare have achieved some success in reaching top bars in key cities in China, with a very good reputation among bar tenders.
- However, the sales are not evolving as plan due to two main reasons:
 1. The bars hesitate when buying a gin which price gets close to 300-350 RMB (38-45 Euros), in Spain sales for 30-35 Euros.
 2. Marketing investment in the brand is lacking compared to where it should be, no brand ambassador and not much marketing activity undertaken.

活动预告 | 关键词: 本周五, 三里屯, Gin Mare, De Refter, Party

XIXSpirit时久酒 2020-11-20



⚠ ATTENTION ⚠



► Case studies

Howard Cai Select

There are a few key takeaways from studying Howard Cai:

- How much money from other sectors (namely real estate) is behind the push of luxury- or image-related goods, such as expensive whisky.
- The model of selling casks of high-end whisky and personalizing the bottles.
- How luxurious branding and an opportunity for personal cultural experience can influence the flavour preference (choosing sherry casks and smoother whiskies rather than the mainstream options).



► Case studies

Howard Cai Select. Whisky Dungeon



- Howard Cai is a project and a company backed by a real estate conglomerate.
- The access to Howard Cai Select is open to members of Howard's club only.
- The project was started from Howard's personal relations with prominent personalities and business people.

► Case studies

Howard Cai Select Model

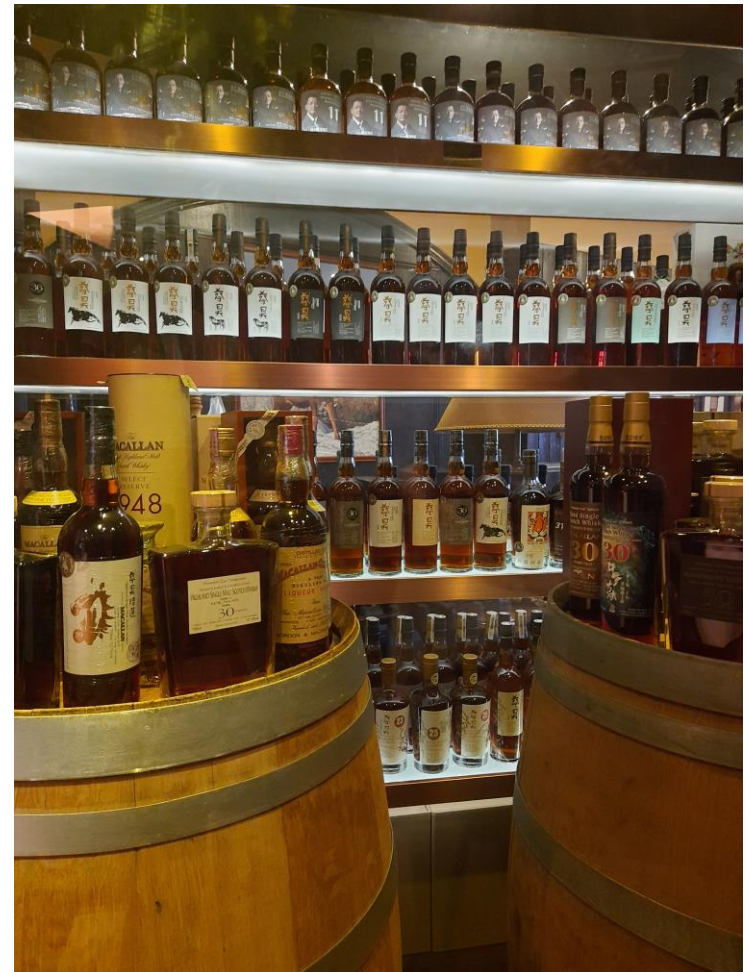
- Howard Cai organizes trips and purchases among their members.
- This includes a trip abroad (normally Scotland) to understand, examine and select the whisky each buyer likes.
- After that the cask is purchased and bottled according to the clients' specifications.
- On many occasions the clients have specific labels designed, sometimes from famous designers or artists from China.
- The distilleries vary, from clients preferring famous ones and others unique independent ones.
- Almost all of their clients prefer sherry cask, single malt and Scotch, with considerable aging.



► Case studies

Howard Cai Select Model

- All experts agree that there is a preference for smooth whisky in China, which would be a strong point for Ireland, however flavor is normally considered less important than brand, origin, etc. when making the purchasing decision.
- Most consumers just drink what is trendy or bypass the flavor impact by mixing the whisky with soft drinks (mostly for younger consumers)
- From this point of view sherry casks are more valued than rum and later more than bourbon.
- Howard Cai select, a company which buys 200 casks a year (mostly in Scotland) to later be bottled and have personalized labels indicates that 95% of the purchases are sherry cask.
- They are open to consider Irish Whiskey also considering Ireland whisky tradition.



► Case studies

High Coast Whisky



► Case studies

High Coast Whisky

Not all whisky in China is from well-known origins

- High Coast is a Swedish distillery that begun distilling in 2010.
- High Coast produces its whisky in high coast region and normally only small batches with pricing starting at 60 euros in Sweden. The company also sells casks.
- In 2018 its production was around 200,000 liters.



► Case studies

High Coast Whisky

- High Coast has some sales in China from very small, limited editions. The importer is attracted to the brand because he can offer a product that no competitor has, to a niche customer.
- The sales are low, and they are only considering China as a small market or a test.
- Sales started following a trip the owner of the distribution company made to Sweden. During his trip, he enjoyed the whiskey offering and the tour of the facilities.
- Their number of limited editions for China are now growing in number but not in number of bottles per edition.
- Their clientele is certainly niche, those looking for the brands no-one knows.



► Case studies

High Coast Whisky



- This example proves that other whisky origins with a good product and small editions can find their niche in the Chinese market where a small, but growing, number of consumers are moving away from well known brands to focus on unique products.
- Also illustrates how impactful is to visit the distilleries and countries of origin.
- Finally, but no less relevant, how important personal relations (guanxi) are in China at every steps of the supply chain. Relationship between exporter and importer are vital to building cooperation and the relationship with the distributor is key to supplying them with high end limited products although they are not well known.

► Case studies

Douglas Laing Whisky



► Case studies

Douglas Laing Whisky

In this case study we can go through the strategy of an independent company for Scotch Whisky:

- The company was established in 1948 and it is an independent bottler and blender of Scotch whisky.
- A family-owned business based in Glasgow, Scotland.
- In 2018, its sales reached 11.5 million of euros.
- The company has one distillery and its building the second. However, it has several brands: many blended whiskies, but from distilleries of the same whisky regions, others from one single distillery.



► Case studies

Douglas Laing Whisky in China

- In China the company cooperates with one importer exclusively for 5 brands, each one from one of the regions "The Peat", "Scawly dog", "The Epicurean", "Timorous Beastie", "Rock Island".
- These and other brands and products are produced by themselves or more commonly by other distilleries according to their specifications.
- In many cases the specifications, particularly for "limited editions" (700 bottles or less).



► Case studies

Douglas Laing Whisky in China

- Cooperation in China includes a few limited editions just for China which are selected with an importer", a one-day workshop with bar tenders, and a few proposals to be sent back to Scotland for the distillery to select among them.
- In 2019, the company released 3 limited edition bottles to celebrate Chinese New Year of the pig. Label included a golden pig logo and the bottle was presented in a wooden gift box.
- The company and the importer also sell 5cl bottles quite successfully.



► Case studies

Douglas Laing Whisky in China

- All the brands for the company are promoted in many ways, online and offline and the brands share a brand ambassador which helps considerably target the specific bar tenders and whisky and cocktail bars.
- The supply chain goes from XIX spirits as importer, to Ququ as T1 distributor for Guangdong and namely JHT as T2 distributor to reach a bar such as "Life On Mars". All contacts have been listed.
- The main challenge for the brand development is explaining why they are good quality Whisky being blended.



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► Relevant contacts

Importers

T1 distributors

T2 distributors

Wine distributors

Bulk importers

Bar tenders and
mixologists

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Whisky and
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Hotels

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Retail

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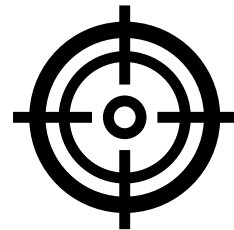
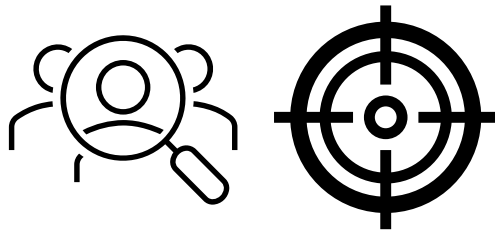
CASE STUDIES

RELEVANT CONTACTS

PROPOSED STRATEGY

► Proposed strategy. Summary

- Overall, coherence is essential.
- Agree on key messages and priorities.
- Targeting the right audience step by step.
- Trying to reach all relevant places where target consumers will go, to drink, to buy or to read/watch in a coordinated and consistent effort (one event a year in one city does not get the job done).
- This requires that country promotion push the basic messages, and industry promotion insist on them and introduce new ones, via promo and sales strategy, while at the same time considering geographical and channels reach.



► Proposed strategy. Summary

At country level

Move from “others” section to “Irish Whiskey”, which implies:

- **Recognition**
- **Assortment**
- Set the key messages
- Push the **country image creation**
- Create an **environment** for companies’ cooperation

At industry level (joint companies)

- **Agree** on basic strategy
- **Coordination** for events
- Creation of **groups**

At company level

- **Follow guidelines**
- **Cooperate** with **common strategy**
- **Expand** in own space on these conditions

► Proposed strategy. Key messages



Key message: Ireland, the origin of Whiskey

- Powerful and clear
- Need to support it with data



Secondary messages:

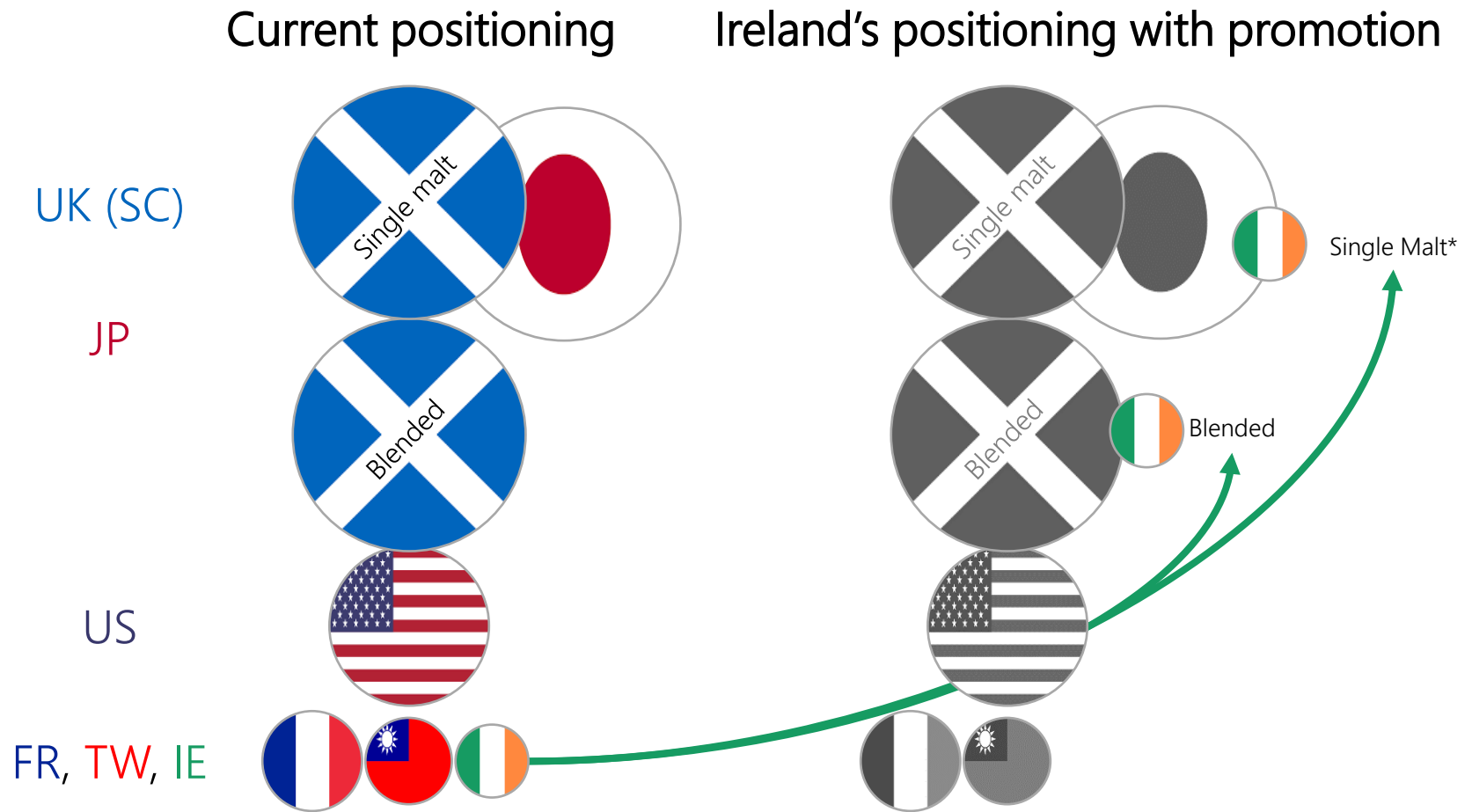
- Three distillations
- Smooth flavor
- Limited amount of distilleries
- Specific latitude and environment for aging
- Whiskey with an "e"



Tertiary messages

- EU GI, Whiskey among the 100 EU GI recognized in China
- Pot still
- Different types of wood allowed for casks
- Minimum X years of aging

► Proposed strategy. Origin positioning



► Proposed strategy. Industry approach

- Arguably the best strategy would be to start marketing, promotion and sales from a top-to-bottom strategy, that is, high-end comes first and creates a strong brand that will be used as an umbrella for other brands expansion later.
- This strategy can be enhanced by sales of limited special editions.
- Marketing and promotion must be suitable for this strategy, aiming for whiskey bars and some WeChat groups at first.
- Marketing preference and Scotch and Japanese Whisky benchmarks to be considered
- No promotion will work without a supply chain, from importer to T2.
- Many distributors value the existence of a China-wide strategy even if they only operate in one city
- If different companies have a different view on strategy at least keep the same key messages and avoid low pricing strategies.
- The ideal number of brands to push in one market at the same time range between 4 to 6, with complementary portfolios.



Proposed strategy. Company approach. Turning complexity into a competitive advantage

Whiskey

- What do distributors value when evaluating for new brands? Please see the slides on "value perception".
- What range is it targeting? Is it suitable?
- Quality
 - Brand
 - Country
 - Aging
 - Single Malt
 - Flavour
 - Others
- Price point
- Company background worldwide, where are you selling?
- China wide presence, are you in the key cities in China?
- Promotion plans. Work actively together with your distributor.
- It is true that distribution sees positively new products if they offer something different since market is getting saturated of the same brands, with lower margins.

Cocktail market is more price and flavor driven

Whiskey lovers have a preference for unique products

The market for cheap whiskies isn't small but Irish whiskey is skewed towards being premium, so we are not trying to compete in this space.

► Proposed strategy. Company approach

- 3 main situations and therefore different goals and needs
 - 1) Established companies in China. Main objective to increase sales.
 - 2) Limited presence in China. Main objective to strengthen their distribution.
 - 3) No presence in China. Main objective to start selling.

A common strategy is possible, but each company/group must later adapt to its reality.

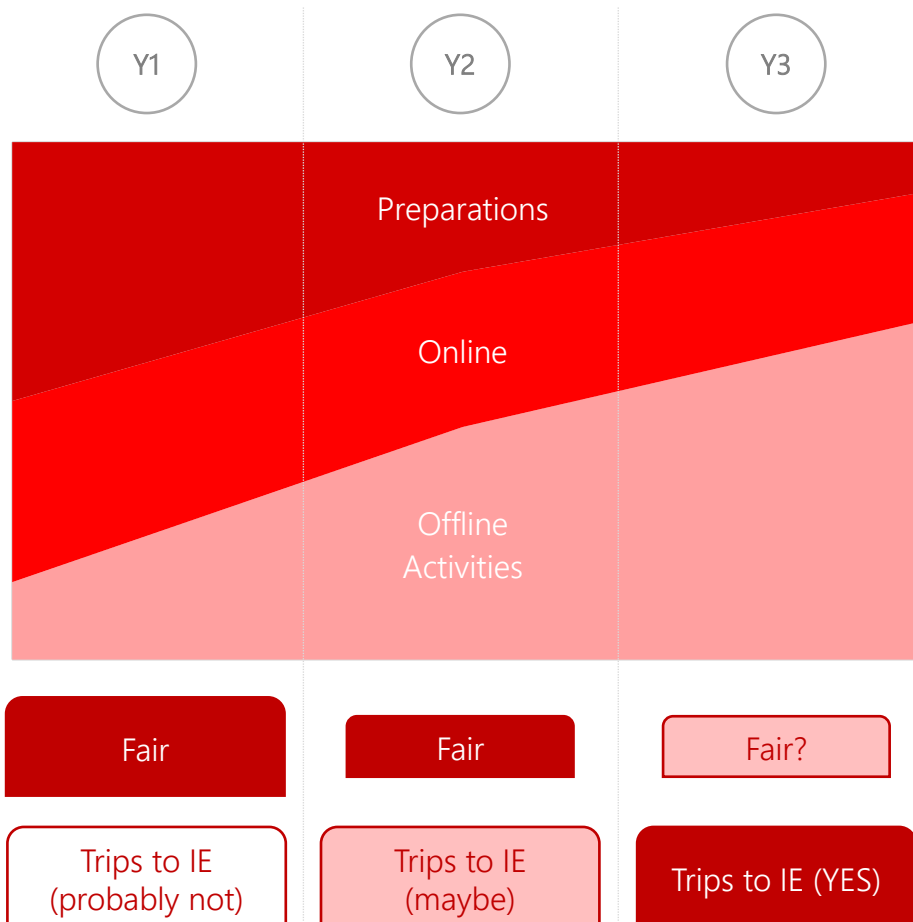
- What they all share:
 - Need for a stronger country image
 - Need to expand presence

Therefore, having an Irish Whiskey Ambassador posting and delivering masterclasses (and potentially guest shifts) or bartender competitions and basic online promotion (WeChat and/or specialized columns or articles), trips to Ireland to key industry people, or events pairing whiskey with food are suitable for all.

- What may be different:
 - Established companies may make good use of their own additional Brand Ambassador, more guest shifts, additional tastings and expand the e-commerce promotion.
 - Also trying to reach specialized groups and WeChat columns with “unique” products.
 - Meanwhile, for newcomers that need to develop a supply chain, participation in fairs and sector events can be more relevant.

► Proposed strategy. Activities

Budget distribution by nature of activity



Potential interest/benefits

	Ireland	Established companies	Limited presence in CN	No presence in CN
Whisky fairs	Strong	Medium	Moderate	Medium
Trips to IE	Medium	Medium	Medium	Moderate
Ambassadors	Medium	Medium	Medium	Moderate
MC	Strong	Medium	Medium	Moderate
Guest shifts	Medium	Medium	Medium	None
Tastings/ Food pairings	Medium	Medium	Medium	Moderate
Wechat + columns	Medium	Medium	Medium	Medium
Douyin	Moderate	Medium	Moderate	None
KOLs	Moderate	Medium	Moderate	None
	Strong	Medium	Moderate	None

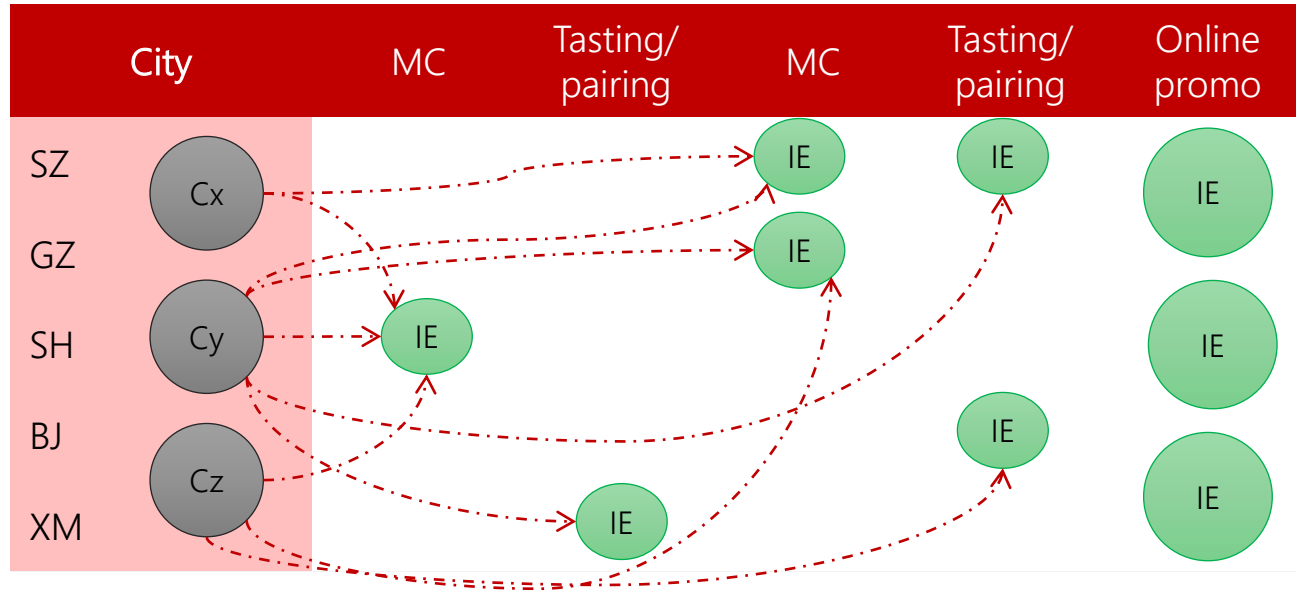
Proposed strategy. Activities. How to coordinate efforts

* C: Company activities (Cs: companies); IE: country-level activities

City	Companies	Activities*											
SZ	C1, C2	C1	IE	Cs	IE	IE	C2	Cs	C2	IE	C1	Cs	
GZ	C1, C2, C3	Cs	IE	C3	C2	IE	Cs	IE	C2	Cs	C3		
SH	C2, C3	C2	IE	Cs	C3	IE	Cs	IE	Cs	C3	C2	IE	
BJ	C4, C5	Cs	IE	C4	C5	Cs	C4	IE	C5				
XM	C2, C3, C4	Cs	C4	C3	IE	C2	Cs	IE	C4	C2			
Key messages		Y1				Y2				Y3			
Primary													
Secondary													
Tertiary													

Proposed strategy.

Activities. Companies' engagement



Year X

- 10-15 Guest shifts
- 10-15 MC
- 1-2 bartender competitions
- 10-15 tastings/food pairings
- Online Support:
 - Columns
 - Wechat account
 - Posts

Companies would benefit from country-level activities organized by BB while they would also contribute bringing their own clients/contacts to the events.

Market entry guide for Irish spirits in Guangdong

March 2021

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