

Growing Irish Whiskey in China

Conor O'Sullivan, June 2021

Brandy dominates the international spirits market

2005-2010

As the whiskey market has established itself, there is growing interest in premium liquids from different origins

Evolution of China whiskey market

2000s



Whiskey market built by investment from blended Scotch brands



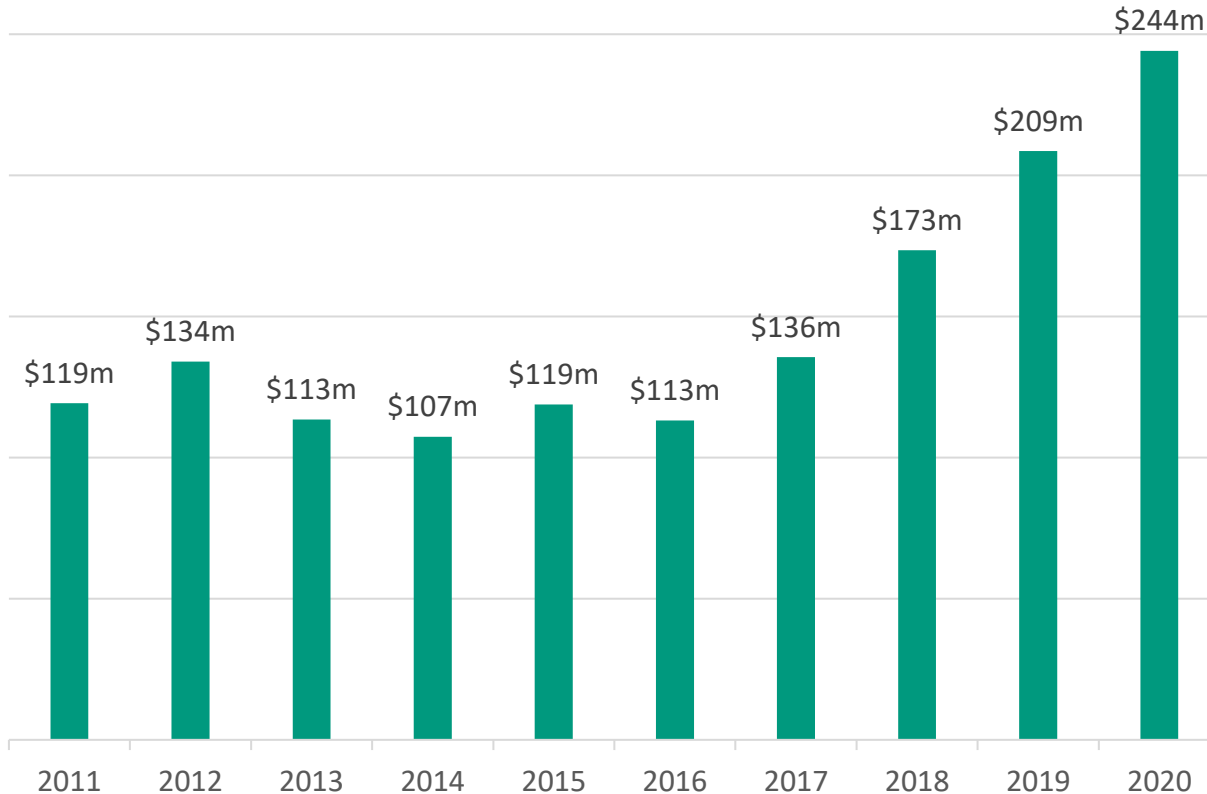
2018 onwards



There has never been a better opportunity for Irish whiskey in China

A booming market for premium whiskey

China Mainland Whiskey Imports (USD)

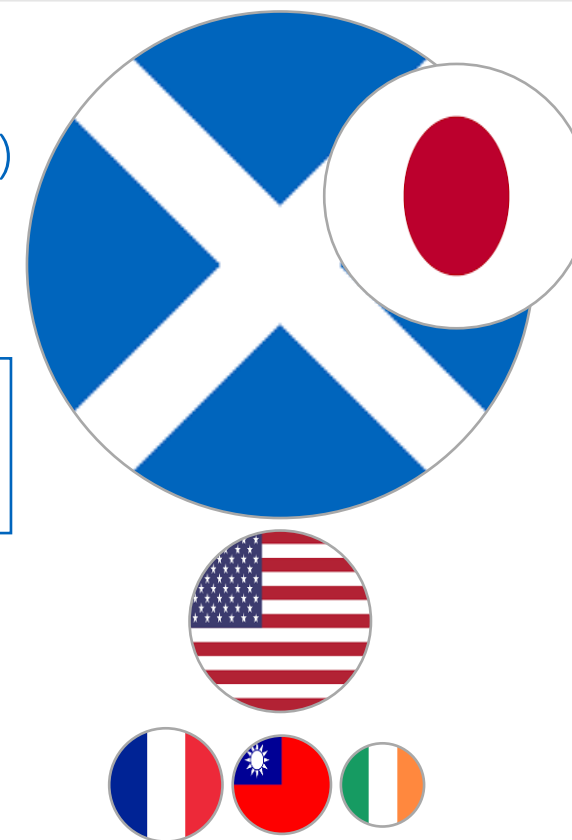


+21%
Volume

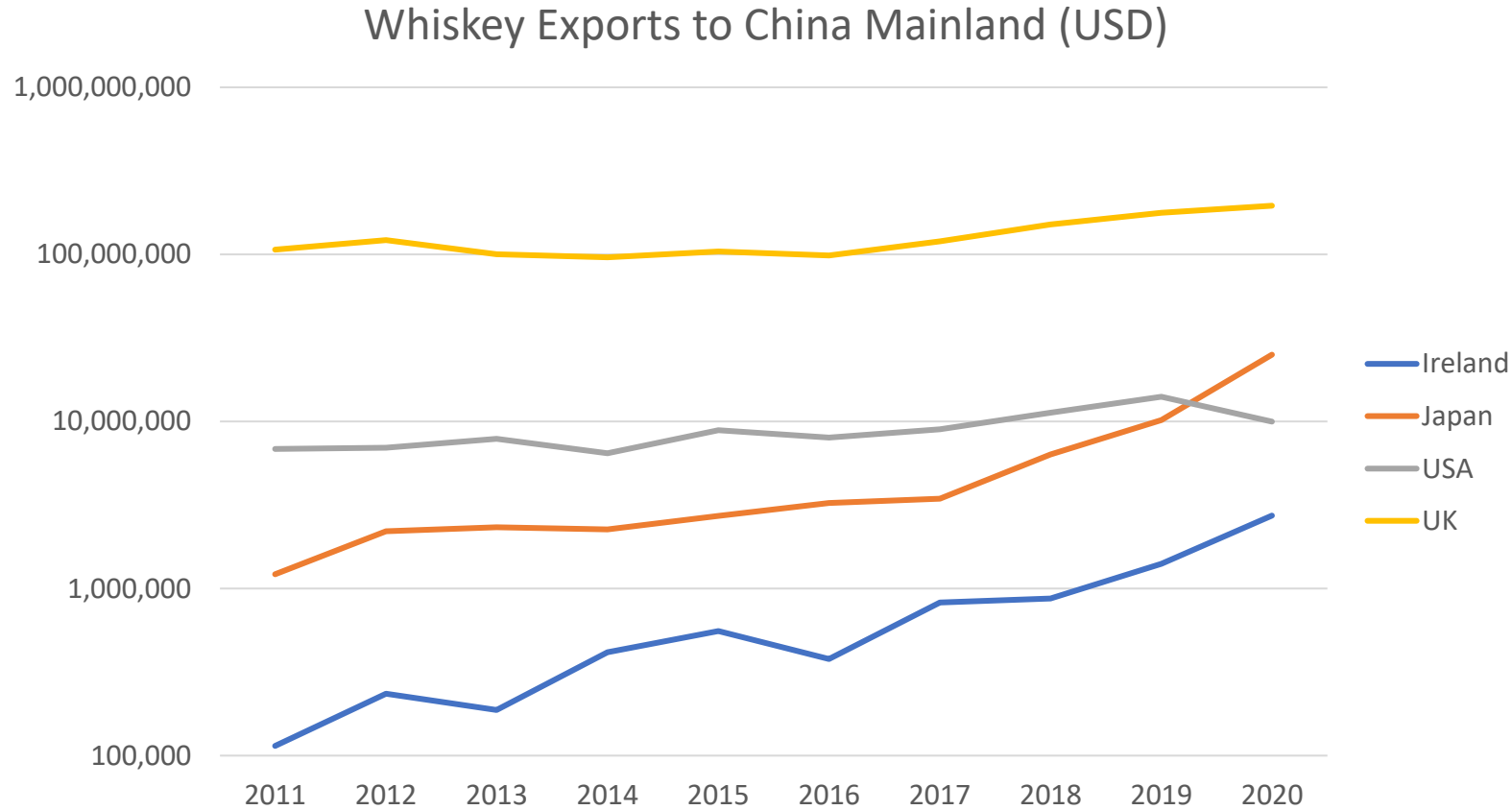
+105%
Value

► Value perception in the market. Country

Imports value (US\$ million)	Market share	Price/L	Country (Top 6 suppliers to China, 99% of whiskey imports)
169	80%	10.25€	UK (SC)
21	10%	18.57€	JP
Scotland can be divided into "Blended" and "Single Malt" categories, as we will explain in the Strategy section.			
9	4%	4.23€	US
9,5	5%	13.19€, 21.44€, 12.49€	FR, TW, IE



Huge growth for Japan and Ireland



Export Growth 2016-2020

7.7x

Japan

7.2x

Ireland

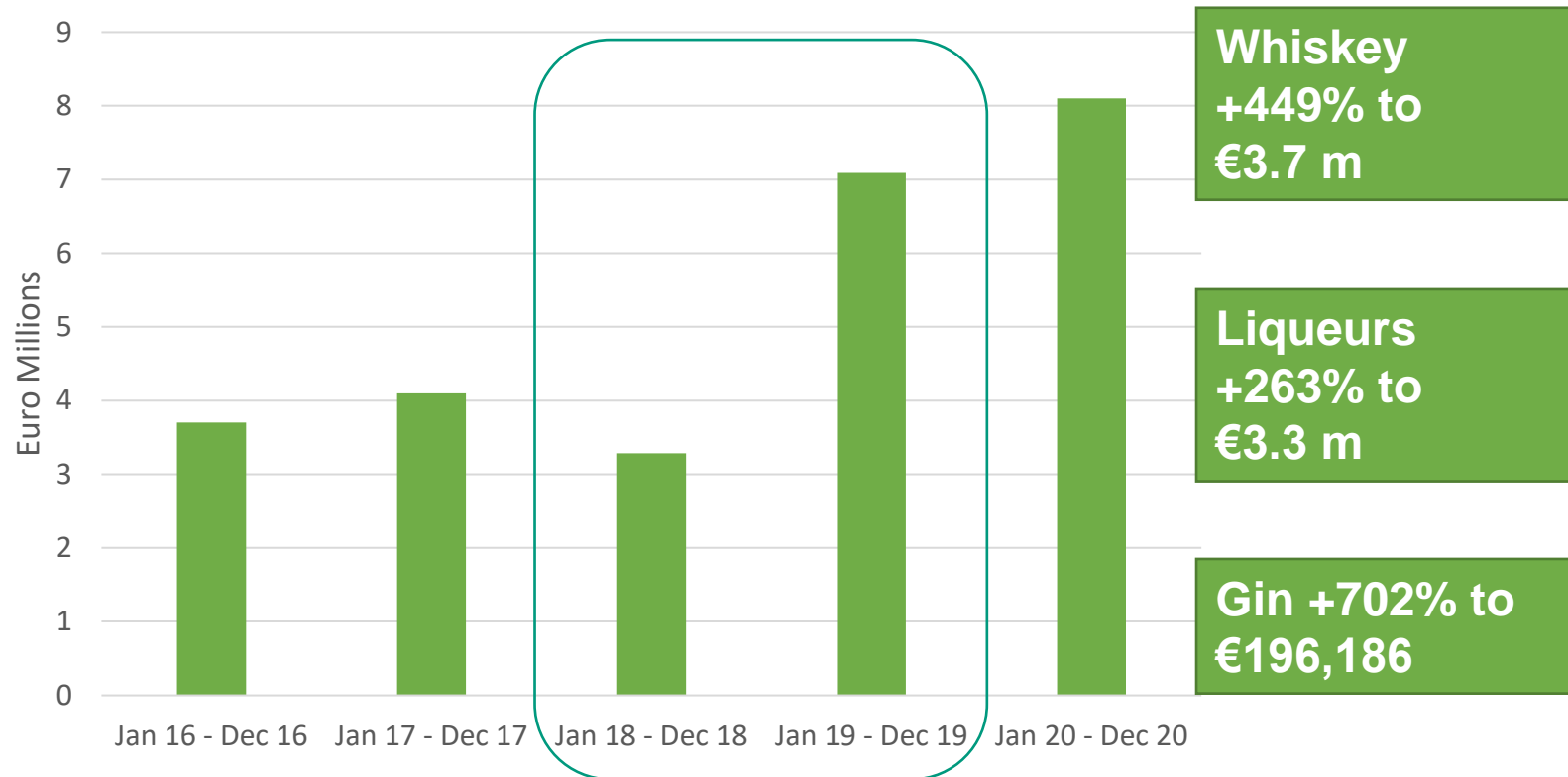
1.25x

USA

2x

UK

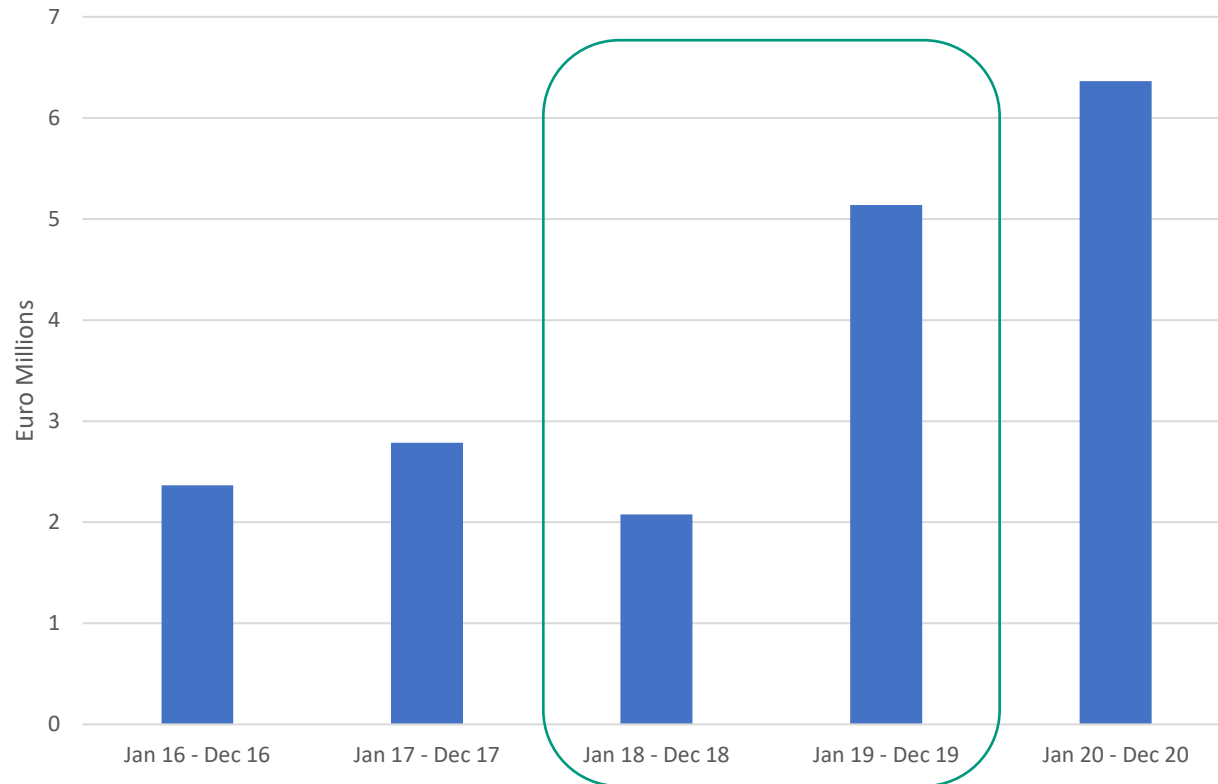
Irish Alcohol Value Exports to China 2016-2020



Irish whiskey is the fastest growing whiskey category by consumption in China (IWSR, 2020).

Irish alcohol exports to China reached €8.1m in 2020 driven by fast growth in spirits since 2018

Irish Alcohol Value Exports to China Mainland



Whiskey
+712% to
€2.3 m

Liqueurs
+550%
to €3.2 m

Gin +579% to
€141,831



Growth to China mainland has been significant in the last 2-3 years, especially for whiskey

Taiwan is an established market for single malts and has some of the most sophisticated whiskey consumers in the world



Western spirits are well understood in Hong Kong but the market has suffered instability in recent times



Insights-informed strategy

FEET ON THE STREET PROJECT 2019

- Based on interviews with local industry experts in Shanghai.
- Segmented the market based on regions, consumers and product categories (cocktail and sipping liquid).
- Understanding of where Ireland currently stands, and where we want to be.
- Identified our target region of Guangdong province and our target customers of young whiskey drinkers and whiskey experts.
- Identified routes to market and initial lead generation in on-trade channels.

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Usage Behaviour



Cocktail Liquid (Pixabay, 2019)

Standard, premium & super premium price bands.
Skew towards on-trade; young professional.
50ml serving.

- Bars typically won't go below a 75% margin on the price of a cocktail.
- Brands in this segment must factor this into their price per 50ml serving.



Sipping Liquid (Unsplash, 2019)

Ultra-premium, prestige & prestige-plus price bands.
Skew more towards off-trade, bottle purchases; middle-aged whiskey enthusiast.
30ml dram serving.

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(Horan, 2019)

Female consumers play an increasingly important role

- Traditionally not spirits consumers (IWSR, 2019)
- Increasing levels of economic independence and influence – affluent women now control over half of China's luxury spending (Canvas8, 2019)
- Females in their 20s drink more Western spirits than males the same age, with Western-style restaurants being a popular channel (Mintel, 2018)
- As new drinkers, they are open to experimentation across categories but prefer low-alcohol options like RTD formats and cocktails (Mintel, 2019); (Canvas8, 2019)

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Photo by Jacalyn Beales on Unsplash

Insights-informed strategy

GUANGDONG PROJECT 2020

- Evolving strategy as we build deeper market knowledge.
- Explore the Guangdong opportunity in greater depth through on-the-ground interviews at all levels of supply chain.
- Initial lead generation for key cities in Guangdong province.
- Creating awareness for Irish category among these new leads.

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Market entry guide for Irish spirits in Guangdong

24th March 2021

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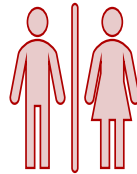


Consumer profiles



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**.

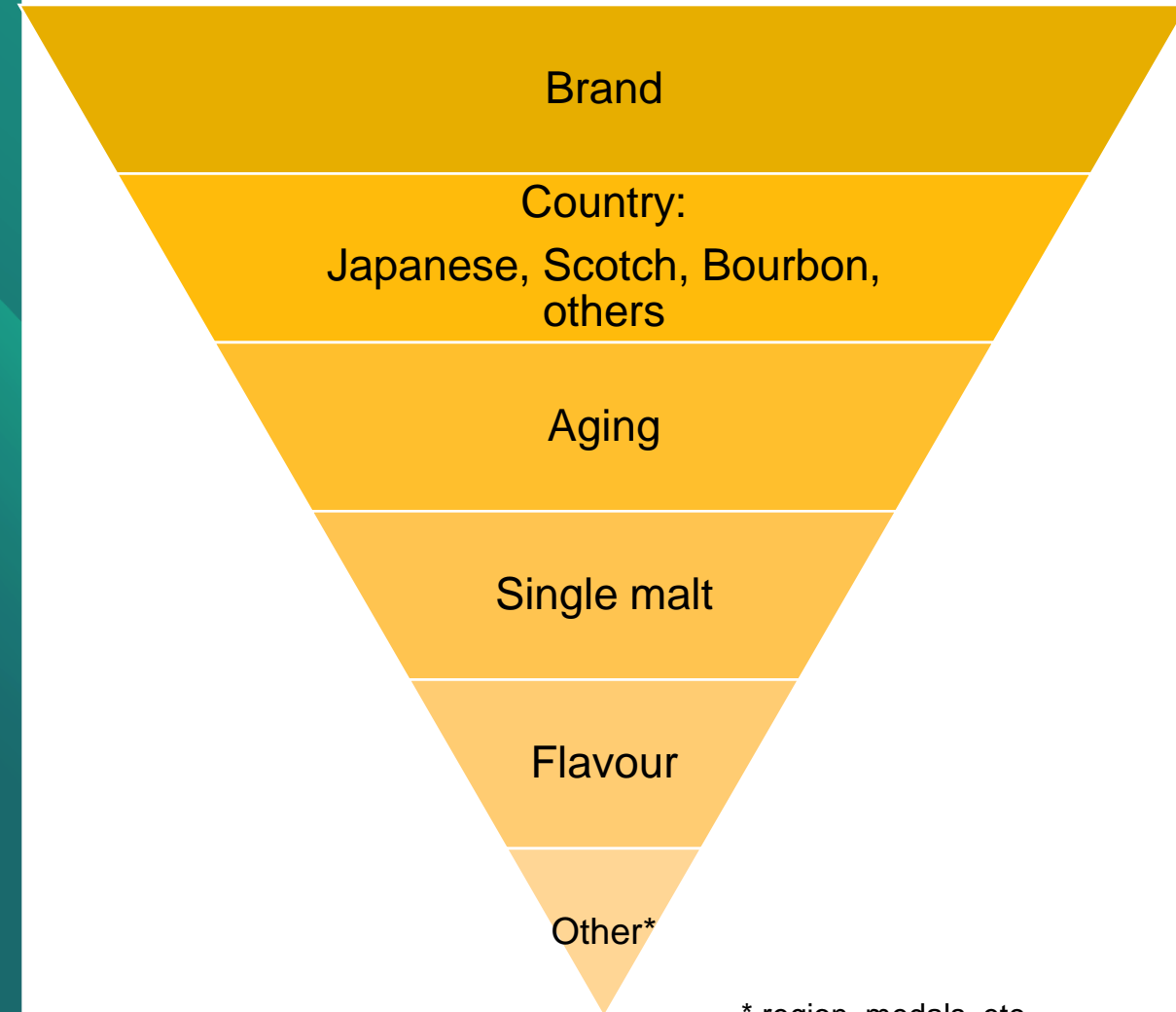


Professional status

- 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**.

How consumers perceive value

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* region, medals, etc.
Source: Eibens fieldwork

Bord Bia's Irish Spirits Strategy

STRATEGY OBJECTIVES:

1. Establish Irish whiskey as a category in China.
2. Assist new brands with route to market.
3. Support existing brands and their customers.

HOW TO ACHIEVE THIS?

Educate trade by building awareness & reputation of Ireland as source of diverse and high quality spirits.

Integrated approach to offline activities and online comms for maximum impact and reach.

Building our reputation in China

- **Key message:** IRELAND IS THE ORIGIN OF WHISKEY.
- **Supporting messages:**
 - Heritage
 - Innovation
 - Diversity
- **Target audience:** Predominantly trade.

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The revival of Irish whiskey in the 21st century

DRiNK 饮迷 昨天

DRiNK Magazine, 2020

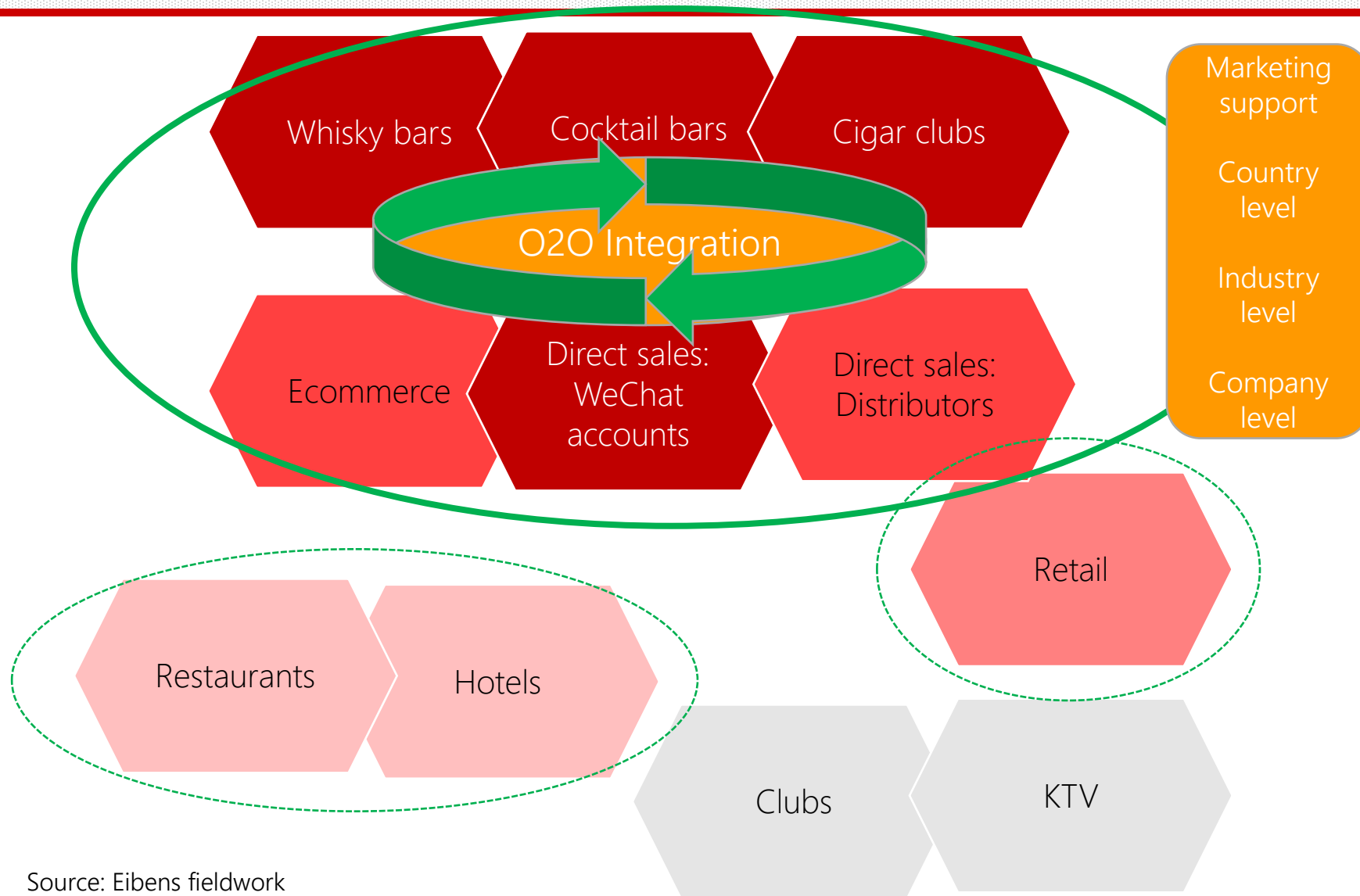


After centuries of evolution, support from the Irish government has helped the spirit has enter a New Golden Age.



Historic beginnings and the whiskey renaissance

► Prioritised routes to market at early stage



Source: Eibens fieldwork

From strategy to execution

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Digital plays a key role in our integrated comms approach

- Owned channels:
 - Wechat as the destination for trade
 - Weibo for trade & consumers
- Trade Media – Wechat or website based, digital magazines and apps
- Niche KOLs – industry influencers

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爱尔兰独特的气候和丰富的水资源非常适合威士忌的生产。



威士忌之乡——爱尔兰

威士忌是欧洲最古老的烈酒之一。早在6世纪，爱尔兰就开始生产威士忌。1405年，在克伦玛诺伊丝修道院所收藏的爱尔兰编年史上发现了威士忌的第一个书面记录。“威士忌”这个词的起源也来自爱尔兰语（盖尔语）“uisce beatha”，意思是生命之水。在北爱尔兰可以找到世界上最古老的特许威士忌酿酒厂，老布什米尔酿酒厂，该酒厂于1608年获得了国王詹姆斯一世的许可，而且至今仍在运营。



Launch Event 2020

RAISE THE PROFILE OF THE CATEGORY AND EXISTING BRANDS IN THE MARKET

- Trade media event for Irish whiskey in Shanghai.
- Lead generation for the category and individual brands.
- 12 trade-focussed media, 2 targeted spirits KOLs and 30 members of local trade.
- Multi-media coverage including print, apps and websites reaching a total of over 6 million impressions.
- Showcase Irish spirits in cocktails and food pairings.

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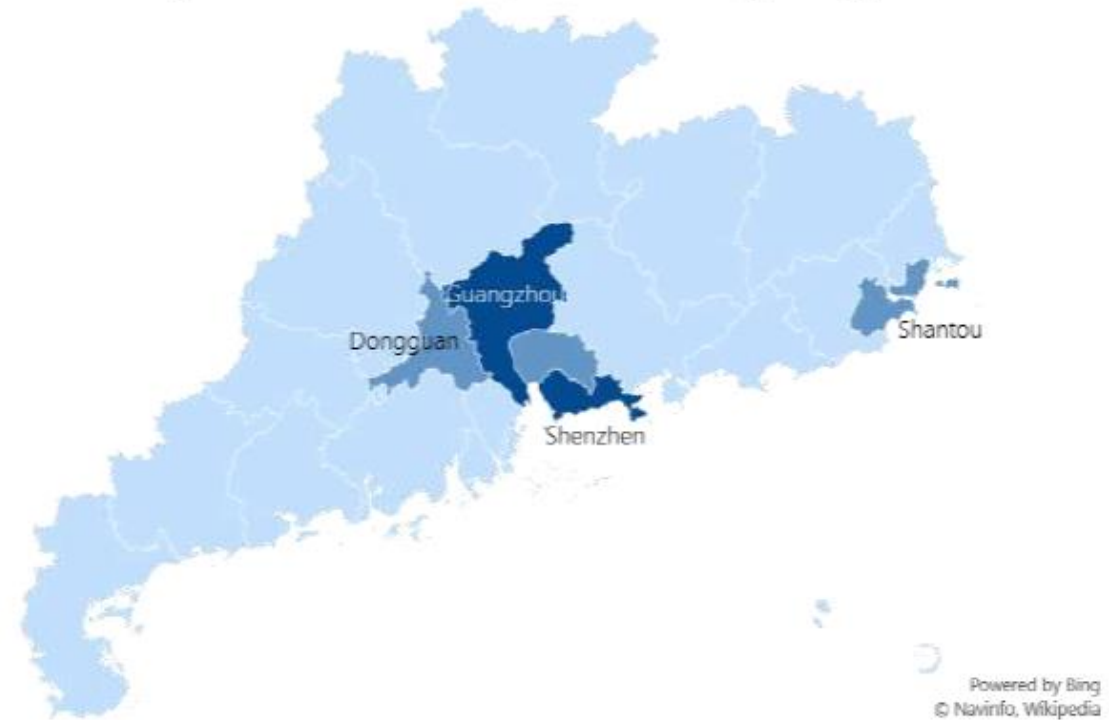
Trade Shows in 2021

LEAD GENERATION FOR NEW ENTRANTS AND REPUTATION BUILDING FOR THE CATEGORY

- Shantou April 2021: Lead generation among local trade in key city of Guangdong province for whiskey consumption.
- WhiskyL! Shanghai August 2021: As the largest show in China, WhiskyL! Is more international and important for reputation building in the industry.

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Cities of high alcohol consumption in Guangdong province



Ongoing Masterclasses

EDUCATE KEY INFLUENCERS TO CREATE DEMAND AND BUILD THE CATEGORY BRAND

- 4 bartender training sessions across key T1 cities, Guangzhou and Shenzhen in May 2021.
- Educate influential groups of bartenders on the Irish whiskey story and bring their attention to the variety in the category and suitability for mixology.
- Can be replicated many times across different cities as we expand the market.

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Ongoing Food Pairings

EXPERIENTIAL CONSUMPTION OF IRISH CULTURE TO ATTRACT NEW CUSTOMERS

- Food pairing events across Irish sectors, particularly seafood, across key cities.
- Build the story of Ireland as an origin of premium food and drink in a market with low awareness.
- Meal times are a prominent usage occasion for Western spirits in China.

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Virtual Meet the Maker (Summer 2021)

- Convert leads generated so far to opportunities for Irish companies looking to enter the market.
- Virtual one-on-one meetings between interested Chinese buyers and Irish suppliers.
- Compensate for Covid restrictions on international travel.

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The future is bright for Irish spirits in China

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Thank You

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