

# **Wine consumption in China: Cultural globalization with Regional Differences**

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*◦Purpose. The aim is to explore the perception of foreign wines in China as Western products. This paper assumes that wine is concerned by the indigenization of cultural globalization according to regional ideologies and practices.*

*◦Design/methodology/approach. Our study focuses on foreign wines and Chinese market. We worked on a qualitative study of 40 Chinese consumers. Interviews were carried out in Chinese and translated into English by a Chinese professor. We focus on both local and foreign wine perception and we decided to compare consumers from Shanghai with those from Beijing.*

*◦Findings: This study highlights the preference for foreign wines over local wines and its regional reasons. We show that foreign wines have a substantial advantage compared with local wines both in Beijing and Shanghai. However Beijing consumers explain this more by cultural and social reasons, whilst consumers from Shanghai focus more on intrinsic quality and the promotion of brands.*

*◦Practical implications: The results show the enigma of the Chinese wine market. Most in the wine industry will agree that China is a ripe market but which requires some level of wine acculturation to reach its full potential. Western wine producers have spent a lot of money on educating Chinese consumers about their products and will be required to do so for many years to come. To limit this costly operation, wine producers have to consider the Chinese market as several markets and select regions very carefully.*

**Key words:** Local culture, Chinese Wine Market, Indigenizing.

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## 1. INTRODUCTION

The wine industry has become increasingly globalized over the last decade. This movement is quite old (Anderson et al., 2003) but in 2012 concerned more than 40% of world wine production, according to the OIV. Exports and imports mainly originate in European and American wine-producing countries. However the strongest development in this trend is now exports from Europe to more and more new markets. Among them, China should become a major market in the next few years. Indeed, according to the OIV, wine consumption per person grew in China by 22.4% between 2007 and 2011 and the latest statistics from China's Customs Authority show that total bottled grape wine imports (less than 2 liters per bottle) showed a year-on-year growth of 60.2% in 2011.

This trend makes it important to investigate Chinese perceptions of foreign wines through the interaction between cultural globalization and local ideologies and practices. As explained by Hergaty and O'Mahony (2001), food has more than a utilitarian aspect and usually reflects the culture where the ingredients are combined and cooked. For Cook and Crang (1996), wine is among the best example of this combination of production and culture, being a food that can reflect the local culture of its region of origin. Moreover, for Hall et al. (1997), the elements of culture should not be ignored in wine selection. Due to the principal origins of imported wines, Chinese consumers are confronted by Western culture.

In this context, Chinese wine consumers seem to be in the situation of *Indigenization* as defined by Üstüner and Holt (2009). For these authors, the construction of national identity is not an obstacle to the cultural dominance of the West. Rather, it gives status to the middle and upper class of new industrialized countries. Indeed, due to rapid economic growth, personal income has increased significantly in China and a new wealthy group known as the "new rich" has emerged in society (Wu, 1997). With the rise of personal income, the Chinese middle and upper classes "demand more convenience and quality" (Hingley et al., 2009, p. 46), show more interest in brands (Kim, Song, and Byun 2009) and purchase more luxury products (Blackwell, Miniard, & Engel, 2001). These consumption patterns explain the flow of foreign products into China, including wines (Hu et al., 2008). In this context, new Chinese consumers perceive wine - especially foreign wines- as a status symbol that contributes to social standing (Yu et al., 2009).

Nevertheless, this position seems quite restrictive. China is made up of multiple heterogeneous regional markets (Schmitt, 1997, 1999; Cui, 1999; Jones et al., 2003). Ralston et al. (1996) and Veeck et al., (2007) have revealed that these regional markets present differences, such as history, location, economic development, education and technology. Therefore, in any attempt to explore Chinese markets and Chinese consumers, regional variations cannot be disregarded (Sin and Ho, 2001). This paper proposes to explore two issues: are there local differences in the way Western culture is indigenized in China; and if so what might be the importance of this for marketing strategies?

## 2. METHOD

This research used qualitative data collection processes, which are the best for exploratory projects (Calder, 1977). The primary method of data-collection was a semi-structured interview, a format adopted to give some data continuity between interviewees, but which would also offer flexibility – allowing for other, unexpected information and ideas to feed into the data obtained.

The interviews were carried out in Chinese and translate into English by a Chinese member of the research team. The interviews were logged in detailed field notes, and were also tape recorded. During and following the data collection stage the researchers met regularly to evaluate the process. Data analysis was an on-going and cross-comparative process (Janiesick, 1994), although different researchers took responsibility for various aspects of the project.

Forty interviews were arranged for this study in Beijing and Shanghai which are the two most important centers for the Chinese wine market (Angelo, 2012).

20 of the interviewees lived in Shanghai and 20 in Beijing. The sample was made up of consumers who displayed similar characteristics to Chinese wine consumption patterns previously defined by Li and al. (2011) and Angelo (2012):

- (1) They belong to the middle and upper classes.
- (2) They consume a small quantity of wine per year.
- (3) They live in Beijing or Shanghai.

Table 1. Interviewee profiles

ID-Beijing	Gender	Age	Occupation	ID-Shanghai	Gender	Age	Occupation
B1	F	27	Project Executive	S1	F	40	Doctor
B2	M	32	IT support director	S2	F	32	Administrative assistant
B3	M	31	Project Executive	S3	F	39	Marketing Manager
B4	M	29	Staff member	S4	F	36	CEO
B5	M	29	Managing director	S5	F	24	Staff member
B6	M	29	Sales Director	S6	F	26	Product Manager
B7	F	29	Quality Manager	S7	M	40	Marketing Manager
B8	M	45	Department manager	S8	M	26	Staff member
B9	F	45	Department manager	S9	F	30	Project Executive
B10	M	39	Marketing Manager	S10	M	35	Deputy chief editor
B11	F	28	Project Executive	S11	M	31	Company Owner
B12	M	34	Company Owner	S12	F	27	Marketing Manager
B13	F	30	Staff member	S13	M	36	G.M
B14	M	39	Managing Director	S14	M	37	Engineer
B15	M	44	Staff member	S15	M	33	Regional head (bank)
B16	M	35	G.M	S16	F	23	Import Manager
B17	F	39	Company Owner	S17	M	33	Staff member
B18	M	35	Staff member	S18	F	32	Staff member
B19	F	38	Accountant	S19	M	26	Staff member
B20	M	36	Doctor	S20	M	25	Staff member

### 3. FINDINGS

Whilst in general researchers consider Chinese consumers to have poor general knowledge of wine, these results show that they have a clear understanding of what their wine preferences

are and what distinguishes Chinese wines from foreign wines. And interestingly enough, in the two cities these differences are not the same.

#### *Foreign wines are better than Chinese wines.*

The distinction between Chinese wines and foreign wines quickly appeared for interviewees. Whatever their location, they considered Chinese wines inferior to foreign wines.

First of all, the wine security seemed a major perception in both Shanghai and Beijing – “our wines do not respect the rules and many of them are adulterated” – “Chinese wineries use cheap foreign bulk wine to fill their bottles.”

This was explained by the idea that Chinese wines use industrial production processes which pollute both the wine and the production locality: “some local wines are made using industrial methods and lead to a general pollution issue.”

In addition, our sample explained the consumption of local wines by their low price and the fact that they are easy to find – “They (Chinese wines) are produced in huge volume and have a huge network of retailers” – “There are different large set of categories of Chinese wines easy to buy.”

Conversely, foreign wines are perceived as healthier and higher in quality: “They control the production process strictly and use fewer chemical additives.” More generally, interviewees considered that foreign wines have stronger culture, personality and history.

#### *Regional reasons for preferring foreign wines*

Whatever their geographic origin, interviewees gave similar reasons for preferring foreign wines. For ten people, from both Beijing and Shanghai, foreign wines had the advantage of being from different origins. They suggested several attractive origins which make choices easier: “To choose between the numerous brands of foreign wines in the Chinese market, we should pay attention to their origins.”

However, many of the answers demonstrated that there are differences between Beijing and Shanghai.

Firstly, it seems that, unlike consumers in Beijing, the consumers in Shanghai are interested in the wine’s taste more than anything else. 12 people from Shanghai, but only six from Beijing, explained their preference for foreign wines by the taste: “most foreign wines are very pure and natural’. The Shanghainese were more concerned with the intrinsic quality: “aftertaste”, “fine and smooth.” Three of them looked for a pure wine and didn’t like those Western wines that tailor their product to Chinese palates.

Secondly, more Shanghainese (nine of them) explained the attractiveness of foreign wines by promotion than Beijingers (two of them).

Thirdly, six Beijingers, but only one Shanghainese, appreciated the cultural aspect of foreign wines. For them, foreign wines have higher cultural identity: “Foreign wines have their cultural existence.” Therefore, they preferred foreign rather than Chinese wines because the former were more steeped in culture than domestic wines.

Lastly, 12 Beijingers considered the social attributes of foreign wines to be important, but only three Shanghainese. The former used foreign wines to improve their social image and to communicate their economic wealth to the community: “in China, wine is used for communication and it can strengthen friendship.” Moreover, at least two Shanghainese considered these social attributes in a negative light: “Drinking wine can improve your image on social occasions, that’s why in China wine is more accepted by fashionable society’.

#### **4. DISCUSSION AND CONCLUSION**

These findings highlight the success of foreign wines compared with local wines in China. Whatever the city, Chinese consumers seem more confident in the quality and origins of imported wines. This confirms previous studies which observed that Chinese consumers use country-of-origin cues considerably during wine purchases (Balestrini & Gamble, 2006) giving a real advantage to the world's well-established wine regions (Zhang et al., 2013). This also shows that domestic wines are still suffering from impact on consumers of a series of adulterated wine crises (Zhang, 2005; Eves & Cheng, 2007, Bing et al 2011).

However, these findings show that the middle and upper classes in Shanghai do not choose foreign wines for the same reasons as consumers in Beijing. Beijingers are more attracted by cultural factors and social effects whilst Shanghainese pay more attention to well promoted brands and taste. Here we have a kind of regionalization of cultural globalization in the Chinese wine market. The indigenization (Üstüner and Holt, 2009) of Western culture through foreign wines is generally confirmed in Beijing, but less so in Shanghai. Foreign wines are used by middle and upper class Beijingers to give status, whilst Shanghainese tend to consume foreign wines more for their intrinsic attributes.

These local differences are not specific to the wine market. Cui and Liu (2000) noticed different degrees of recognition for foreign brands in cities like Guangzhou, Shanghai and Beijing. Similarly, Wei and Pan (1999) showed that Shanghai consumers were more interested in fashion brands than those in Beijing. Moreover Zhang et al. (2002) pointed out that consumers in Shanghai pay more attention to style, workmanship, color and brand, whilst in Beijing color is less important. Although these studies are quite old, they highlight the persistence of dissimilarities between Shanghainese and Beijingers. On the one hand, Beijing is the political power center in the North and the people of Beijing see themselves as China's political and cultural guardians (Schlevogt, 2001). In traditional Chinese culture, aspects such as the family, the concept of the 'middle way', guanxi, harmony, face and collectivism influence the consumer's motivation and behavior (Lu, 2002). This is confirmed in Beijing where imported products symbolize higher social status (Wang & Chen, 2004)

On the other hand, Shanghai is considered as the dominant commercial center. Traditional culture is less emphasized in the South and the Shanghainese are even accused by northern Chinese of having destroyed traditional structures based on family ties (Schlevogt, 2001)., Shanghai is also becoming the seedbed of a new middle-class society. Whilst not being the richest group in society, this class is well educated and may be the most loyal consumers of foreign products (Safier 2001).

To sum up then, selling wine in Beijing is not the same as selling it in Shanghai. This point is important to understand both in terms of the final consumers and of the importers who need to develop their business. They have to bear in mind the cultural gap between the North and the South and to observe its evolution.

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