



WASHINGTON STATE WINE

KEENAN GOODMAN
JACK POST
KARAH HSU
BIANCA CHEUNG



CHARGE

“ How can Washington State wineries
be successful in China? ”

RECOMMENDATION



Best Value

RECOMMENDATION



Best Value



Original

RECOMMENDATION

NPV
\$2.3M

IRR
54%

REVENUE
2022
31.7M

RECOMMENDATION

— WASHINGTON STATE WINE COMMISSION VALUES —

Awareness
Education

— WASHINGTON WINERY VALUES —

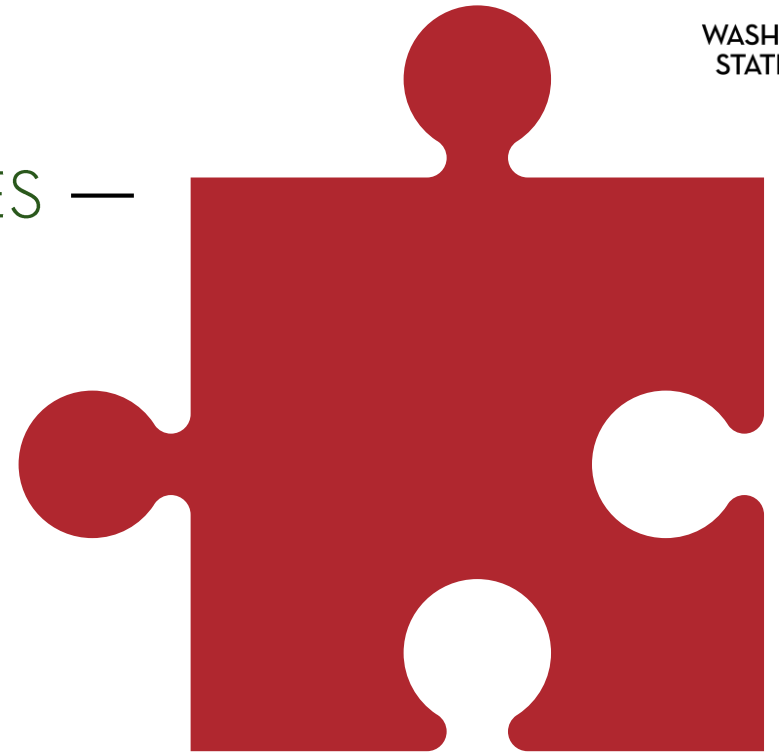
Strength
Unity
Hard Work

— PRODUCT —

High Value Washington Red Wines

— OPPORTUNITY —

Market Growth in China
Technological Integration
Emphasis on Convenience



A photograph of a vineyard with rows of grapevines stretching into the distance under a sky filled with large, white, fluffy clouds. A dark, semi-transparent rectangular box is centered over the image, containing the title text.

ANALYSIS & TARGET MARKET

CHARGE.

RECOMMENDATION.

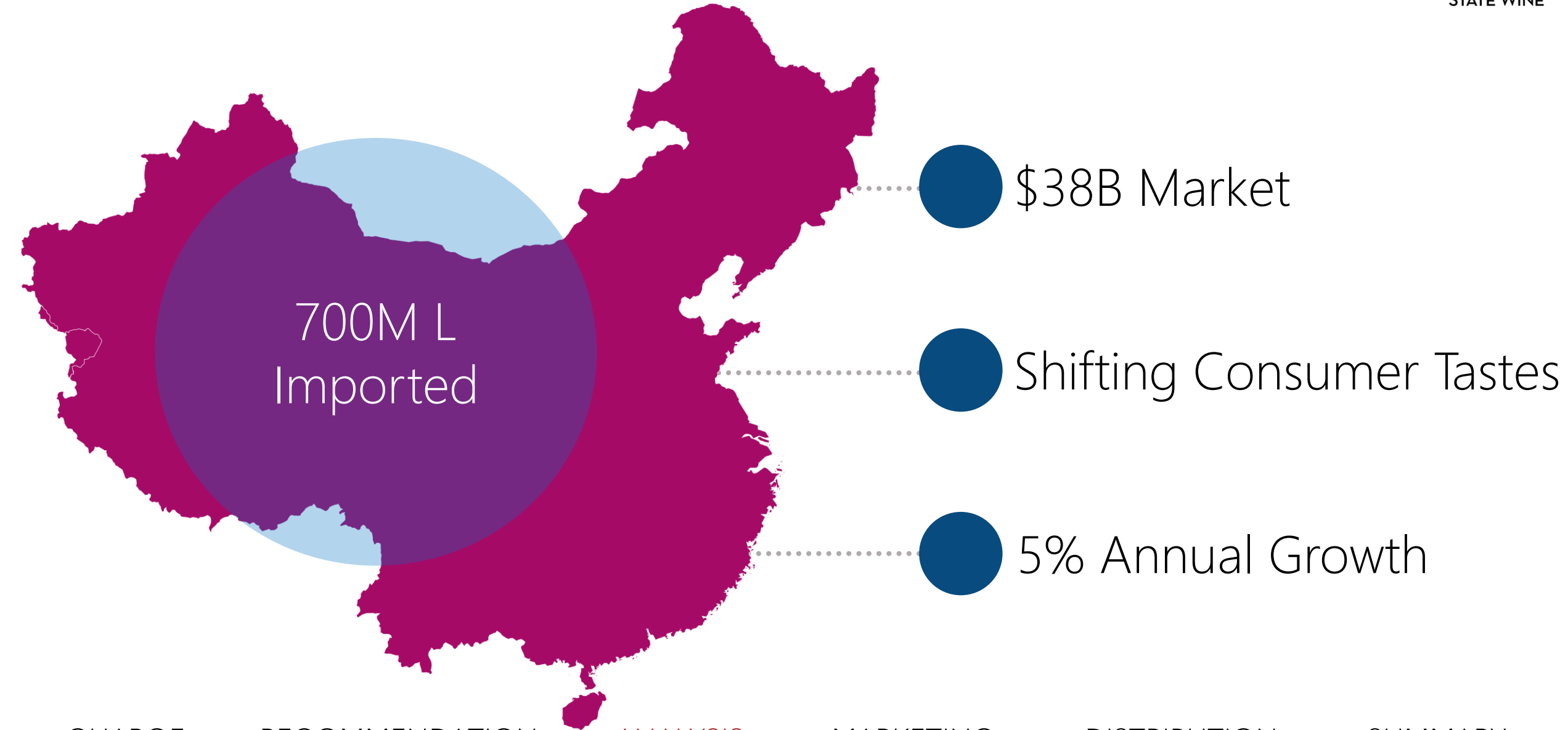
ANALYSIS.

MARKETING.

DISTRIBUTION.

SUMMARY.

ANALYSIS: THE CHINESE MARKET



CHARGE.

RECOMMENDATION.

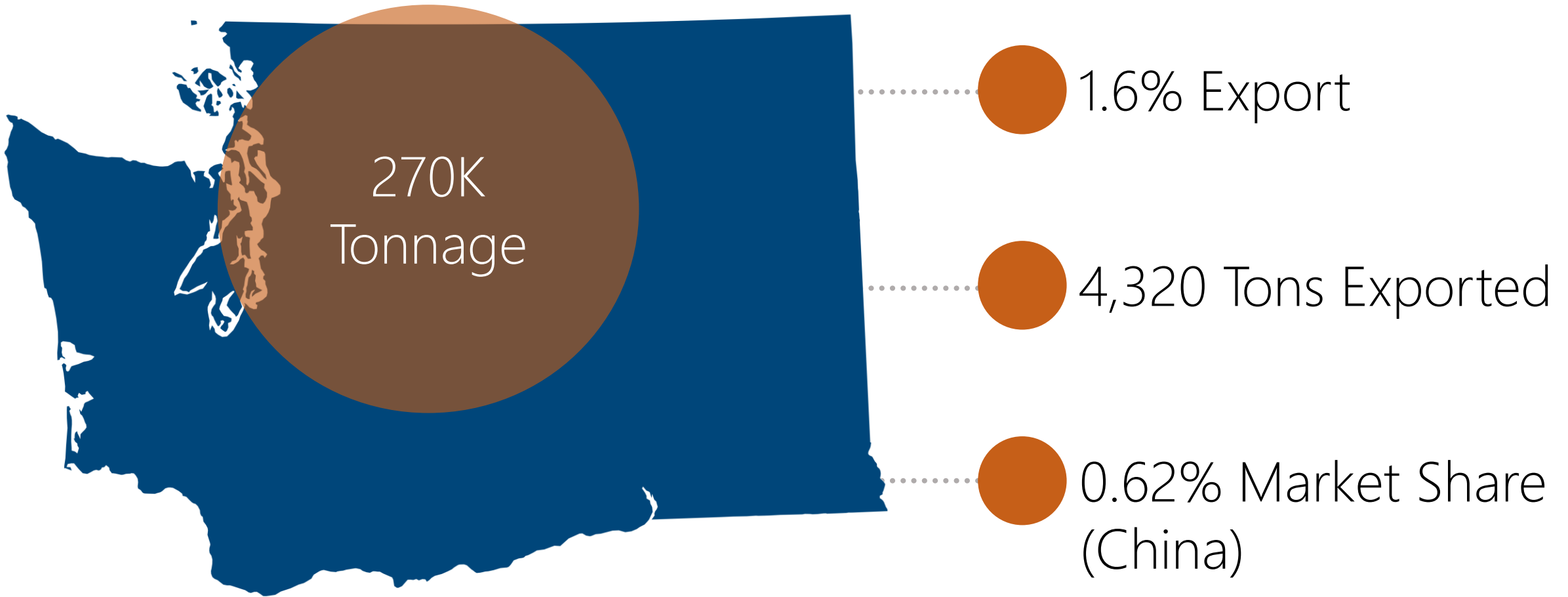
ANALYSIS.

MARKETING.

DISTRIBUTION.

SUMMARY.

ANALYSIS: WASHINGTON STATE



ANALYSIS: DECISION METHODOLOGY



Criteria	Weight	Export			Domestic	
		Bulk/Blended	Localized Product	Established Product	Start Chinese Vineyard	Acquire Company

ANALYSIS: DECISION METHODOLOGY



		Export			Domestic	
Criteria	Weight	Bulk/Blended	Localized Product	Established Product	Start Chinese Vineyard	Acquire Company
Alignment With Values						
Feasibility						
Profit Potential						
Limited Risk Level						
Competition						
Legal Implications						
Growth Potential						
Favorable Demographics						

ANALYSIS: DECISION METHODOLOGY



Criteria	Weight	Export			Domestic	
		Bulk/Blended	Localized Product	Established Product	Start Chinese Vineyard	Acquire Company
Alignment With Values		3	5	10	5	2
Feasibility		3	5	10	3	1
Profit Potential		3	5	7	8	6
Limited Risk Level		8	3	6	1	1
Competition		7	4	3	5	7
Legal Implications		5	5	5	2	2
Growth Potential		2	5	8	7	7
Favorable Demographics		2	8	7	5	8

ANALYSIS: DECISION METHODOLOGY



Criteria	Weight	Export			Domestic	
		Bulk/Blended	Localized Product	Established Product	Start Chinese Vineyard	Acquire Company
Alignment With Values	2	3	5	10	5	2
Feasibility	1.75	3	5	10	3	1
Profit Potential	1.5	3	5	7	8	6
Limited Risk Level	1	8	3	6	1	1
Competition	1	7	4	3	5	7
Legal Implications	1	5	5	5	2	2
Growth Potential	1	2	5	8	7	7
Favorable Demographics	0.75	2	8	7	5	8

ANALYSIS: DECISION METHODOLOGY



Criteria	Weight	Export			Domestic	
		Bulk/Blended	Localized Product	Established Product	Start Chinese Vineyard	Acquire Company
Alignment With Values	2	6	10	20	10	4
Feasibility	1.75	5.25	8.75	17.5	5.25	1.75
Profit Potential	1.5	4.5	7.5	10.5	12	9
Limited Risk Level	1	8	3	6	1	1
Competition	1	7	4	3	5	7
Legal Implications	1	5	5	5	2	2
Growth Potential	1	2	5	8	7	7
Favorable Demographics	0.75	1.5	6	5.25	3.75	6

ANALYSIS: DECISION METHODOLOGY



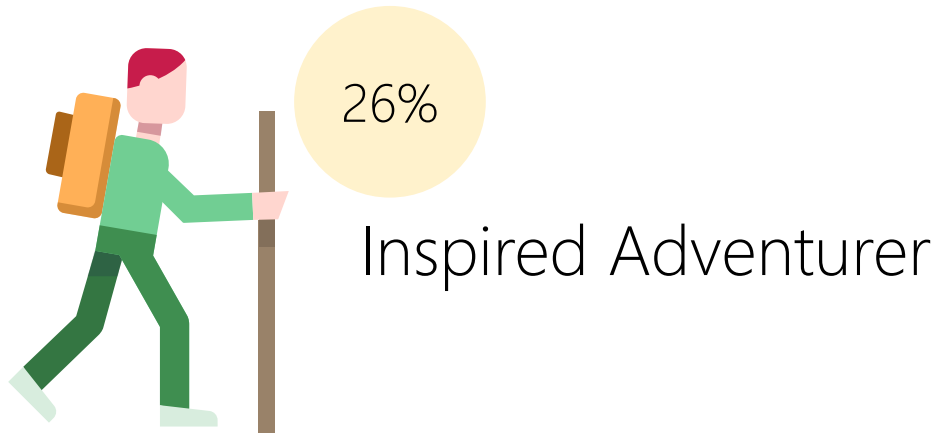
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TOTALS:	10	39.25	49.25	75.25	46	37.75

ANALYSIS: DECISION METHODOLOGY

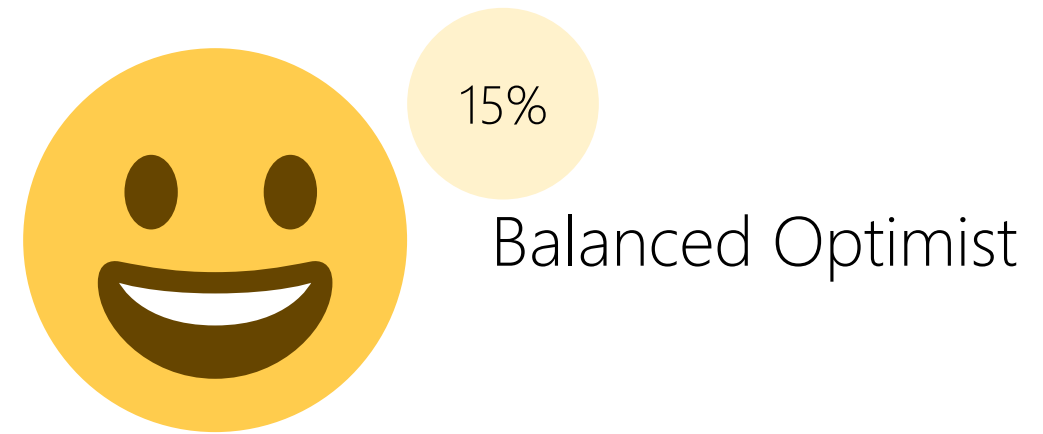


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TARGET CUSTOMER



- younger (avg. 36)
- seeks value for money
- increasing spending
- loyal to specific products in brands
- environmentally conscious



- enjoys shopping
- increasing spending
- image-conscious
- influenced by brands



MARKETING STRATEGIES

CHARGE.

RECOMMENDATION.

ANALYSIS.

MARKETING.

DISTRIBUTION.

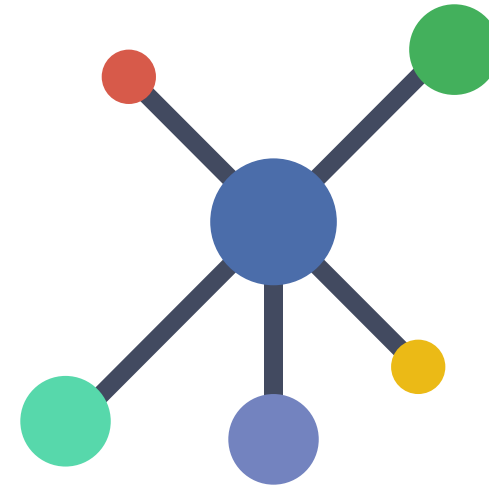
SUMMARY.

MARKETING: BUILDING A BRAND

OVERVIEW



In-Person Interaction



Social Media Presence

MARKETING: BUILDING A BRAND



IN-PERSON INTERACTION



Wine Culture Events

CHARGE.

RECOMMENDATION.

ANALYSIS.

MARKETING.

DISTRIBUTION.

SUMMARY.

MARKETING: BUILDING A BRAND



IN-PERSON INTERACTION



Wine Culture Events



WA Wine Selection

CHARGE.

RECOMMENDATION.

ANALYSIS.

MARKETING.

DISTRIBUTION.

SUMMARY.

MARKETING: BUILDING A BRAND



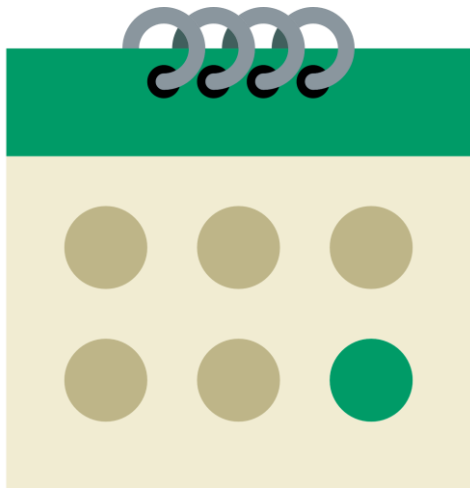
IN-PERSON INTERACTION



Wine Culture Events

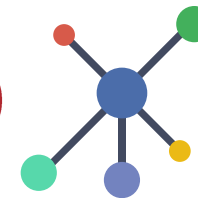


WA Wine Selection



Brand-Specific Events

MARKETING: BUILDING A BRAND



SOCIAL MEDIA PRESENCE



Business Profile

CHARGE.

RECOMMENDATION.

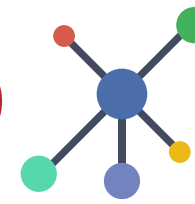
ANALYSIS.

MARKETING.

DISTRIBUTION.

SUMMARY.

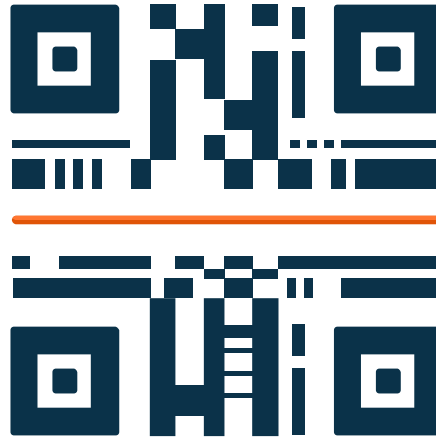
MARKETING: BUILDING A BRAND



SOCIAL MEDIA PRESENCE



Business Profile



Online & Offline Integration

MARKETING: BUILDING A BRAND



SOCIAL MEDIA PRESENCE



Business Profile



Online & Offline Integration



Social Media Partners



DISTRIBUTION & IMPLEMENTATION

CHARGE.

RECOMMENDATION.

ANALYSIS.

MARKETING.

DISTRIBUTION.

SUMMARY.

DISTRIBUTION & IMPLEMENTATION

ONLINE SALES

Simplified
Distribution

DISTRIBUTION & IMPLEMENTATION

ONLINE SALES

Simplified
Distribution

Demographic
Alignment

DISTRIBUTION & IMPLEMENTATION

ONLINE SALES

Simplified
Distribution

Demographic
Alignment

Product Range

DISTRIBUTION & IMPLEMENTATION

ONLINE SALES

Simplified
Distribution

Demographic
Alignment

Product Range

Segment
Growth

DISTRIBUTION & IMPLEMENTATION

SUBSCRIPTION SERVICE



Monthly, \$45

Information on WA wines

Access & distribution through agents, Jiuxian

Personalized product selection

DISTRIBUTION & IMPLEMENTATION



DISTRIBUTION & IMPLEMENTATION

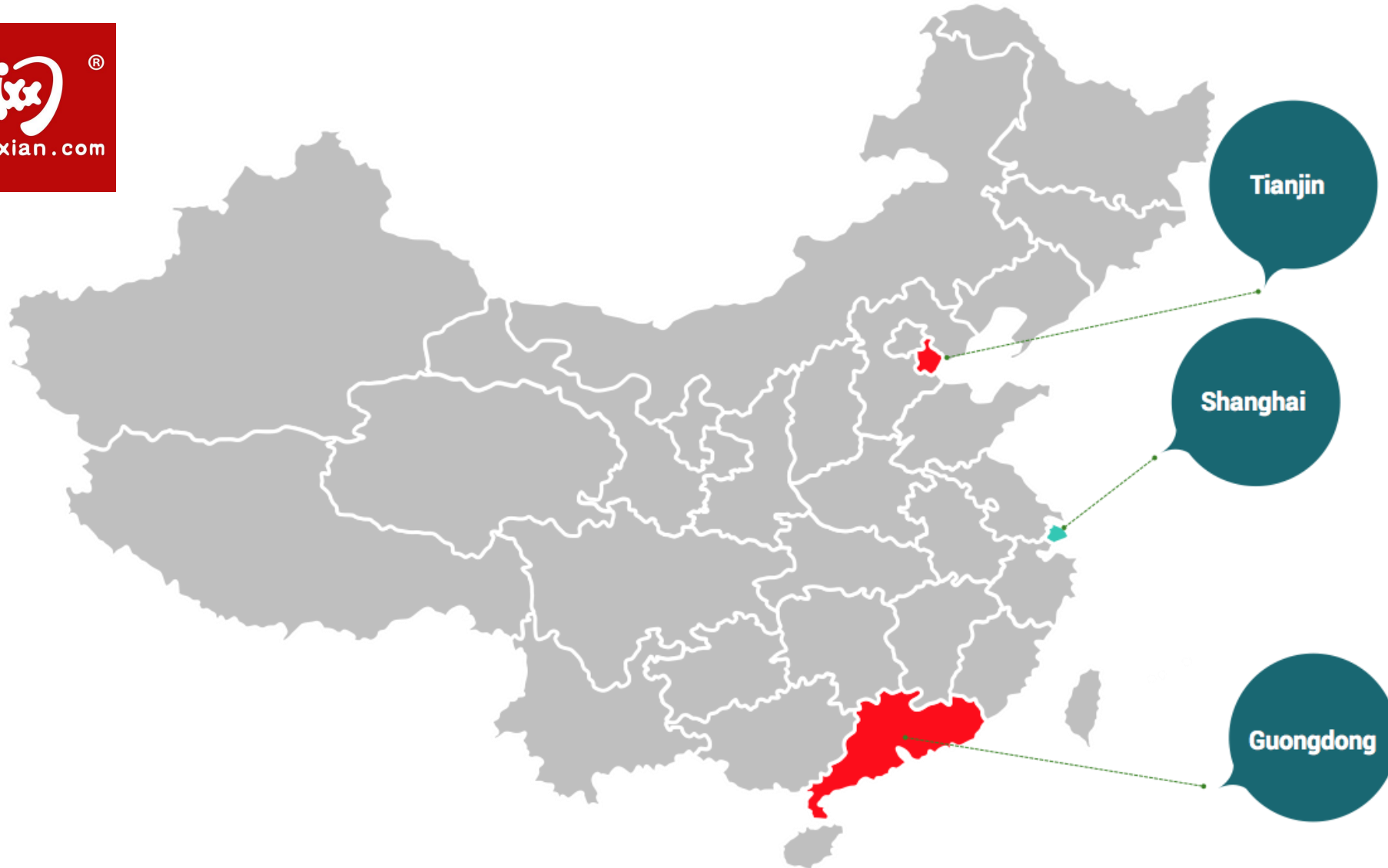


B2B focused

400% growth in revenue

Import goal alignment

DISTRIBUTION & IMPLEMENTATION



CHARGE.

RECOMMENDATION.

ANALYSIS.

MARKETING.

DISTRIBUTION.

SUMMARY.

DISTRIBUTION & IMPLEMENTATION



B2B focused

400% growth in revenue

Import goal alignment

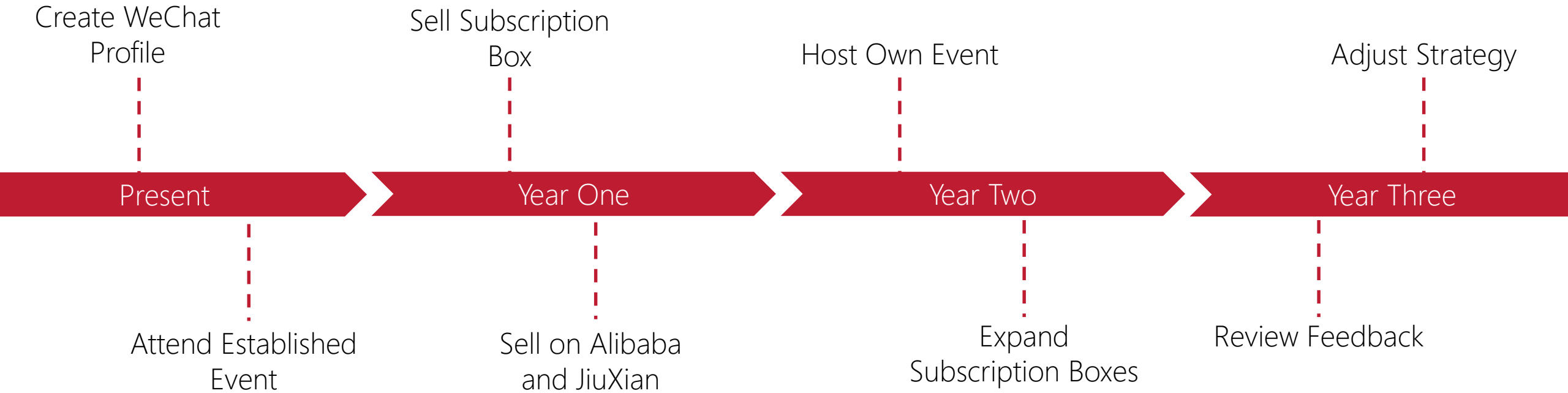


B2C with Wine Direct

Major e-commerce market

Online & offline expansion

TIMELINE



CHARGE.

RECOMMENDATION.

ANALYSIS.

MARKETING.

DISTRIBUTION.

SUMMARY.

DISTRIBUTION & IMPLEMENTATION

POTENTIAL RISKS

Relatively little existing
knowledge of WA wines

High competition levels

Unexpected shifts in
demand

DISTRIBUTION & IMPLEMENTATION

POTENTIAL RISKS

Relatively little existing
knowledge of WA wines

High competition levels

Unexpected shifts in
demand

MITIGATION

Education &
Awareness to
Position
Product

Differentiated
Product Mix

Product
Alignment
with Target
Market

OVERALL RECOMMENDATION



Vision



Value



Vine

OVERALL RECOMMENDATION

Expand into China
Utilize the strength of the
Washington wine market

Vision



Value



Vine

OVERALL RECOMMENDATION

Expand into China
Utilize the strength of the
Washington wine market

Vision

Sell High Value Wines
World renowned value
red wines come from
Washington

Value



Vine

OVERALL RECOMMENDATION

Expand into China
Utilize the strength of the
Washington wine market

Vision

Sell High Value Wines
World renowned value
red wines come from
Washington

Value

Grow business through
online retail
Grow WA brand in
China

Vine

APPENDIX

China PEST Analysis	5 Consumer Types	Consumer Income	OEM Wine	China Population
WA Wines	WA Growth	WA Product	WA Production Stats	WA Differentiation
U.S. Wine Production	U.S. Wine Demand	WA/USA PEST Analysis	Market Size Analysis	Online Sales
Decision Matrix	Pricing Strategy Matrix	Customer Matrix	Online vs Offline	Jiuxian
Beijing Events	Event: Great Wines	Ad Price	Promotion Boxes	WeChat for Business
WeChat Country Data	WeChat vs. RenRen	WeChat Activity	WeChat Activity Daily	WeChat Penetration
Subscription Box	Subscription Pricing	Timeline	WA Wine Financial Info	Key Finances
Financial Assumptions	WA Revenues in China	WA Winery Revenues	Revenue Goals	Marketing Analysis
Price Breakdown	Margins Breakdown WA Wineries	Winery Financial Benchmarks		

CHARGE.

RECOMMENDATION.

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SUMMARY.

APPENDIX: CHINA PEST ANALYSIS

Political	- government promotion of wine culture
Economic	<ul style="list-style-type: none"> - demand influenced by disposable income - affluent consumers - most sales occur during major holidays
Social	<ul style="list-style-type: none"> - gift exchange to set up business/government relationships (recent crackdowns as of 2014/2015) - wine, beer, soft drinks perceived as healthier than distilled liquor (traditional, Chinese)
Technological	- less sophisticated equipment/technology in domestic production
Legal	- China-Australia Free Trade Agreement (goods including wine are tariff-free)

APPENDIX: 5 CONSUMER TYPES

Key traits of the five Chinese consumer types

Undaunted Striver (11%)



- Enjoys shopping
- Tech savvy
- Image conscious
- High incomes and spending habits

Cautious Planner (19%)



- Less likely to spend or use credit cards
- Rarely makes impulse purchases and shops with lists
- Usually saves rather than spends

Secure Traditionalist (31%)



- Not concerned with image
- Avoids shopping
- Prefers to let others lead
- Usually has a lower income

Balanced Optimist (15%)



- Prefers quality over quantity
- Believes they greatly impact the environment
- Usually spends rather than saves
- Conducts product research

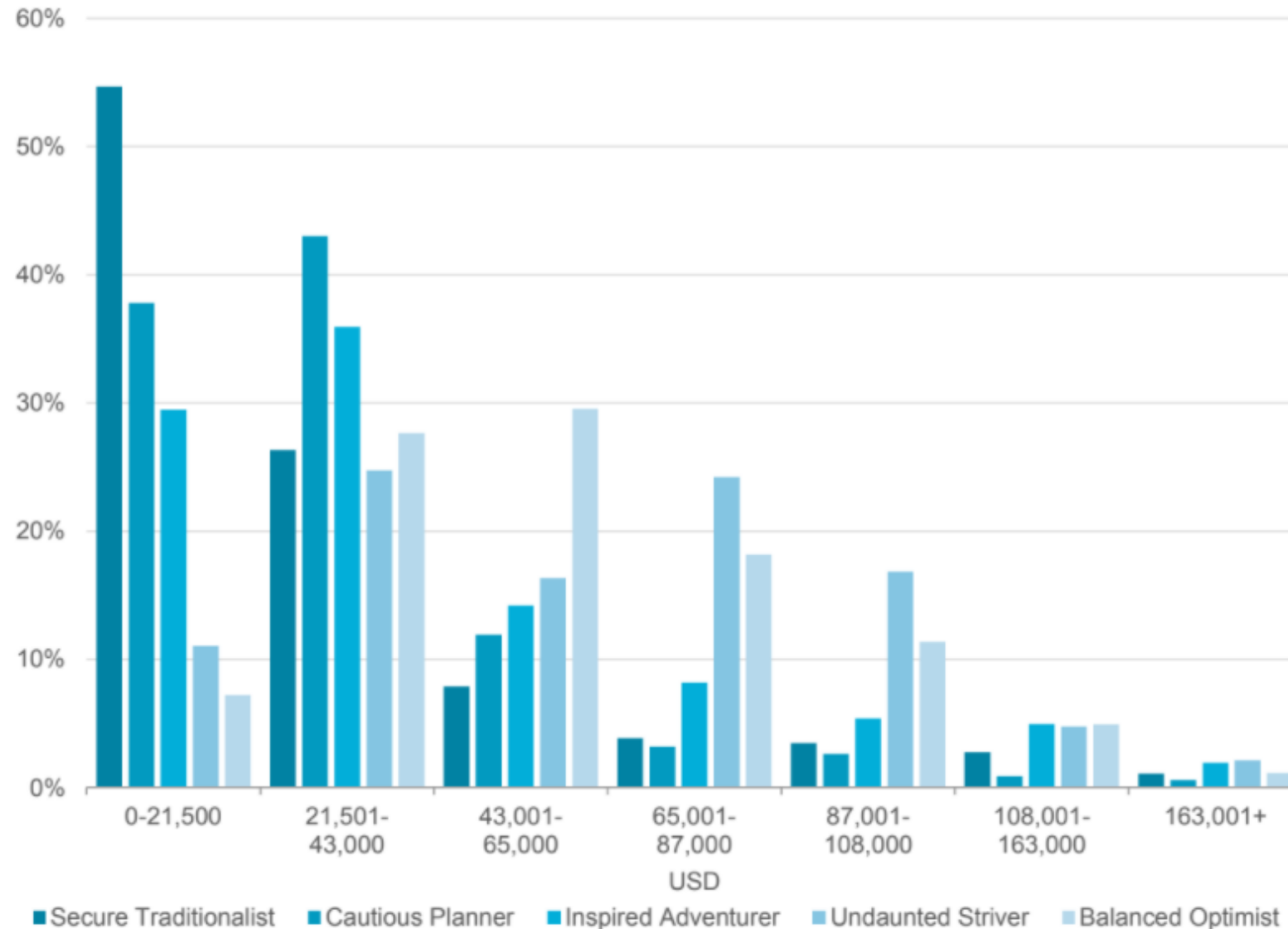
Inspired Adventurer (26%)



- Usually younger
- Plans to increase spending
- Likes to try new things
- Slightly sceptical of green labels

APPENDIX: CONSUMER INCOME

Household income distribution for five consumer types



Average annual household income (USD)

Undaunted Striver	62,795
Balanced Optimist	59,148
Inspired Adventurer	43,859
Cautious Planner	31,525
Secure Traditionalist	30,496

APPENDIX: OEM WINE

“There are a lot of wines that are just made for the Chinese market, that could be pre-bottled and the quality is not good,” he said, making reference to what is commonly known in China as OEM wines, in other words, cheap wines that are shipped to China in bulk then slapped with label designs specially for the local market. The wines in general sell for less than RMB 100 (\$15) a bottle, and are often referred to as ‘one euro’ wines.

James Suckling, former Senior Editor & European Bureau Chief of Wine Spectator

APPENDIX: POPULATION OF CHINA

Population by Region

Region	Total Population Year-end 2012 (10,000 persons)	Total Population Year-end 2013 (10,000 persons)	Total Population Year-end 2014 (10,000 persons)
Beijing	2,069	2,115	2,152
Tianjin	1,413	1,472	1,517
Hebei	7,288	7,333	7,384
Shanxi	3,611	3,630	3,648
Inner Mongolia	2,490	2,498	2,505
Liaoning	4,389	4,390	4,391
Jilin	2,750	2,751	2,752
Heilongjiang	3,834	3,835	3,833
Shanghai	2,380	2,415	2,426
Jiangsu	7,920	7,939	7,960
Zhejiang	5,477	5,498	5,508
Anhui	5,988	6,030	6,083
Fujian	3,748	3,774	3,806
Jiangxi	4,504	4,522	4,542
Shandong	9,685	9,733	9,789
Henan	9,406	9,413	9,436
Hubei	5,779	5,799	5,816
Hunan	6,639	6,691	6,737
Guangdong	10,594	10,644	10,724
Guangxi	4,682	4,719	4,754
Hainan	887	895	903
Chongqing	2,945	2,970	2,991
Sichuan	8,076	8,107	8,140
Guizhou	3,484	3,502	3,508
Yunnan	4,659	4,687	4,714
Tibet	308	312	318
Shaanxi	3,753	3,764	3,775
Gansu	2,578	2,582	2,591
Qinghai	573	578	583
Ningxia	647	654	662
Xinjiang	2,233	2,264	2,298
NATIONAL TOTAL	135,404	136,072	136,782

Source: National Bureau of Statistics of China

APPENDIX: WA WINES

Big Reds (ranked 2nd and 3rd in the world)

91 \$12 COLUMBIA CREST Cabernet Sauvignon Columbia Valley Grand Estates 2014

Washington Broad, generous and inviting, with cherry, currant and red plum flavors that swirl enticingly on the finish. (H.S.)

90 \$15 APEX The Catalyst Columbia Valley 2013

Washington Broad and spicy, with pepper and licorice accents to the dark berry flavors as they pick up momentum on the finish. Syrah blend. (H.S.)

Elegant Reds

90 \$10 SNOQUALMIE Syrah Columbia Valley 2013

Washington Sleek and seductive, this offers cherry, pomegranate, pepper and floral flavors. (H.S.)

89 \$17 MERCER Mercer Canyons Red Blend Columbia Valley 2013

Washington Firm, with peppery tannins around a generous core of plum and currant. Merlot and Syrah. (H.S.)

Rosé

89 \$15 CANOE RIDGE Rosé The Expedition Columbia Valley 2015

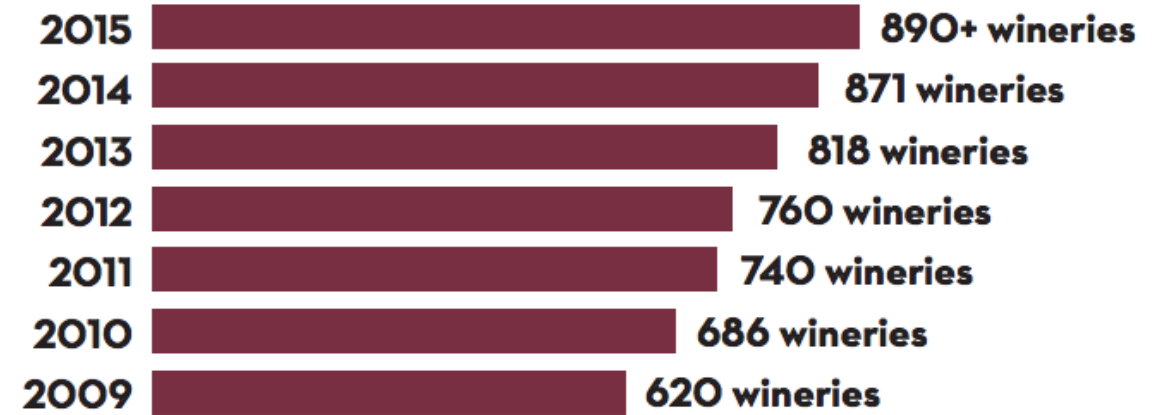
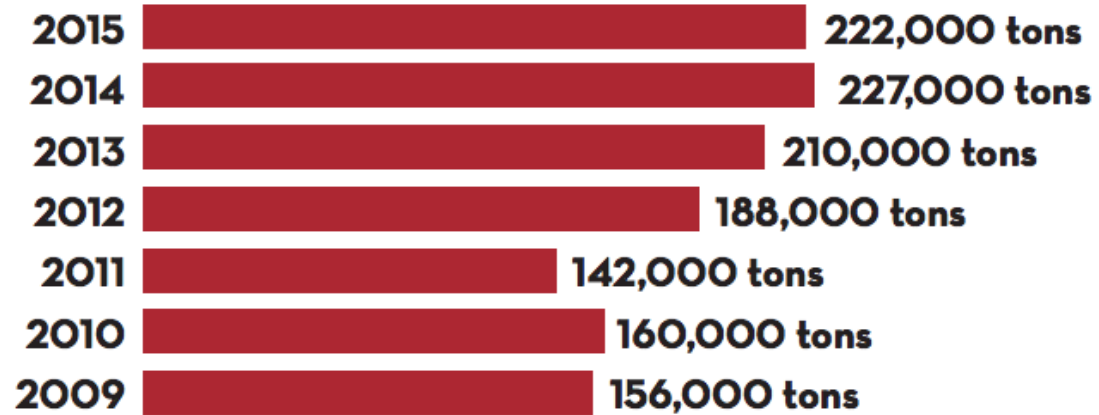
Washington Light and dry, this is zippy with acidity and lively with citrus and watermelon flavors, with a pretty herbal note. (H.S.)

APPENDIX: U.S. WINE PRODUCTION

The West is overwhelmingly the most prolific winemaking region in the country, representing 57.0% of the industry's establishments. The region is led by California, which holds nearly all of the region's wineries; this state accounts for 40.6% of all US wineries. Washington and Oregon are the next largest wine-producing states, holding 8.9% and 7.2% of the industry's wineries, respectively. California's wine grape production reached 638.2 million gallons in 2015, according to the most recent production data released by the Wine Institute. While this represents 83.1% of all US wine production, California's production declined from the 728.9 million gallons generated in 2013. The recent drought throughout much of these regions in California is largely to blame for the state's poor yields.

APPENDIX: WA GROWTH

INDUSTRY GROWTH



APPENDIX: WA PRODUCT

2015 KEY STATS

222,000
TONS HARVESTED

REDS 112,800 TONS

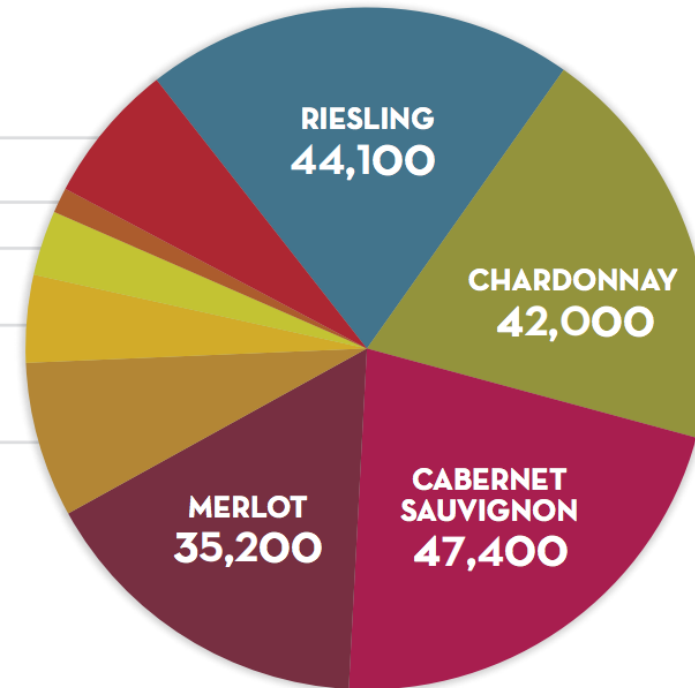
WHITES 109,200 TONS

GRAPE VARIETIES

Cabernet Franc - 3,400
Malbec - 2,400
Pinot Noir - 1,600
Sangiovese - 1,300
Petit Verdot - 1,300
Grenache Noir - 1,100
Mourvedre - 800
Other Red Varieties - 2,300

Gewurztraminer - 2,600
Viognier - 1,600
Semillon - 900
Chenin Blanc - 500
Other White Varieties - 1,800

Sauvignon Blanc - 6,700
Pinot Gris - 9,000
Syrah - 16,000



APPENDIX: WA PRODUCTION STATS



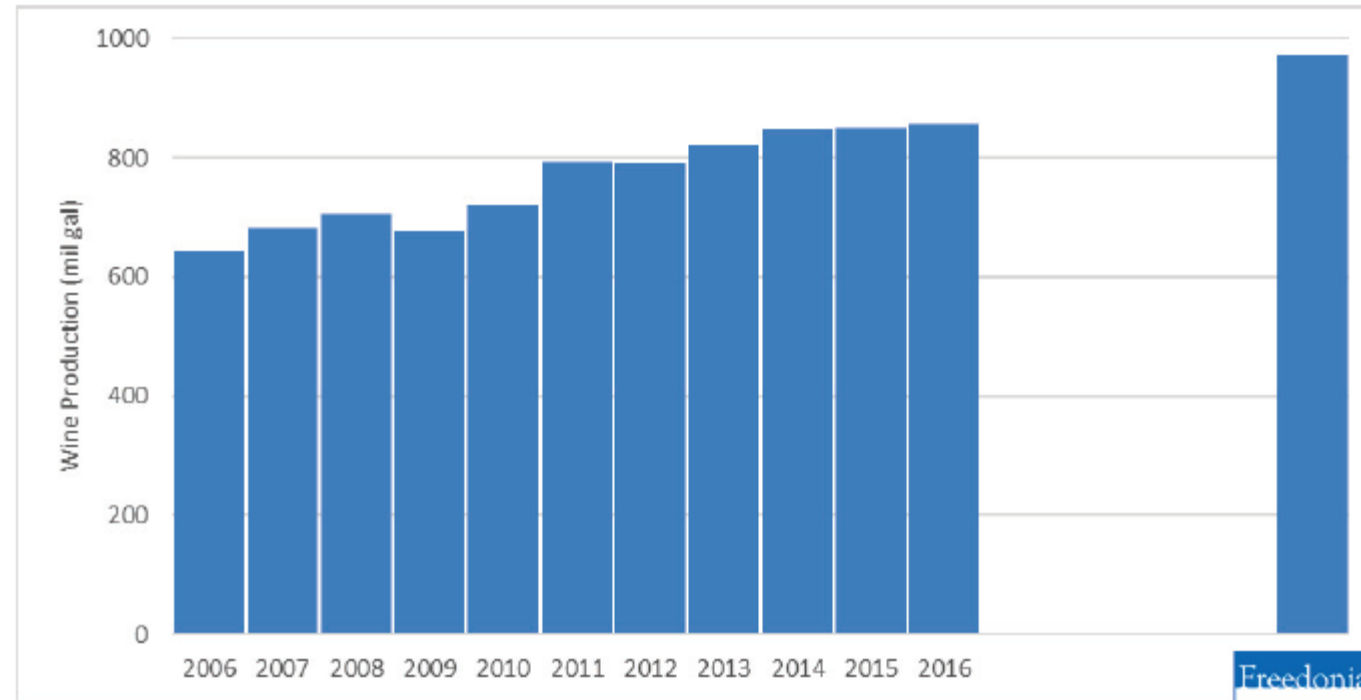
- \$4.4 billion-plus industry within Washington State.
- Washington wine is available in 50 states and more than 100 countries globally.
- Washington ranks second nationally for premium wine production
- 40%+ of these vines planted in the last 10 years as the industry rapidly expands

APPENDIX: WA DIFFERENTIATION

- DISTINCTIVE AND DIVERSE GROWING REGIONS AND SOILS
 - Washington has 14 federally approved unique growing regions with diversity of climates, soil types, and growing conditions that allow a wide variety of grapes to grow well.
- LARGE DIURNAL SHIFT PRESERVES NATURAL ACIDITY
 - Long, warm days and cool nights in the growing regions create a large diurnal shift, which helps maintain the natural acidity of the grapes.
- GRAPE VINES ARE OWN ROOTED
 - Phylloxera has caused devastating problems in numerous wine growing regions of the world → many growers to plant their vinifera grapes on phylloxera resistant, hybrid rootstock.
 - Washington's combination of cold winters and well-drained soils has prevented phylloxera from causing any significant problems.
 - Grape vines are grown on own rootstock.
- WINERIES ARE OFTEN SEPARATED FROM VINEYARDS
 - Many wineries are located dozens and even hundreds of miles from the vineyards
 - Many contract their grapes rather than establishing their own vineyards.
 - Purchasing grapes minimizes the startup time for a winery and has enabled the industry's rapid growth
 - It allows wineries to set up shop wherever they like, be it near the consumer hub of Seattle or in the far reaches of the state.
 - Not being tied to a single vineyard source in a single location means that wineries can experiment with vineyards.
 - Using a diversity of sites also helps keep quality consistent across vintages.
 - Working with a diversity of sites in different locations also helps protect against disruptions caused by Washington's occasional spring and fall frosts and winter freezes

APPENDIX: US WINE PRODUCTION

Figure 8 | US Wine Production; 2006-2016, 2021 (mil gal)



Sources: US TTB, The Freedonia Group

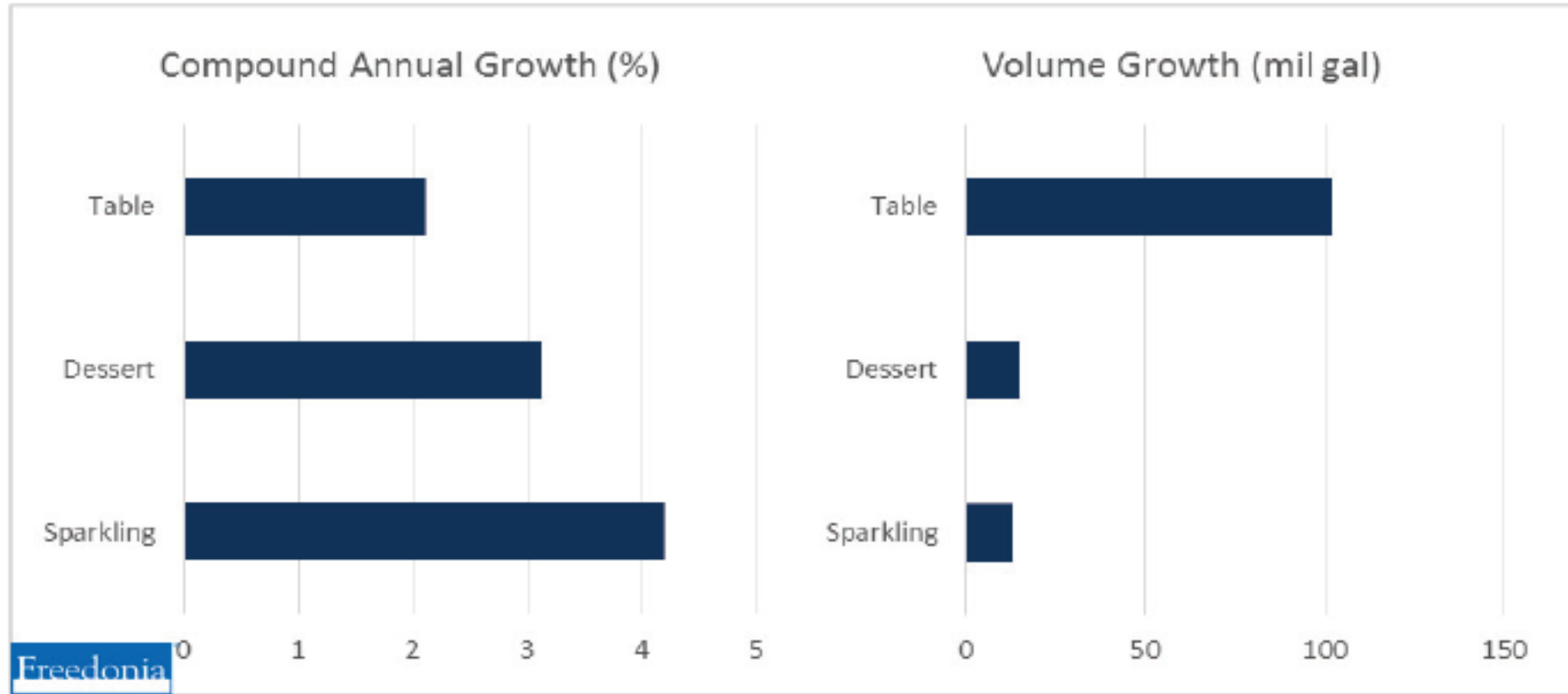
Table 7 | US Wine Production; 2006-2016, 2021 (mil gal)

													r ²	AAGR	CAGR
Item	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2021	06-16	06-16	16-21
Total Prdtn	645	683	705	677	720	792	790	823	847	850	857	975	0.93	3.0%	2.6%

Sources: US TTB, The Freedonia Group

APPENDIX: US WINE DEMAND

Figure 1 | Key Trends in US Wine Demand, 2016-2021



Source: The Freedonia Group

APPENDIX: WA/USA PEST ANALYSIS

Political/Legal	<ul style="list-style-type: none"> - state regulations, business agreements Δ interactions - regulations are fewer + inconsistent for internet-based sale - excise taxes
Economic	<ul style="list-style-type: none"> - demand influenced by disposable income - luxury good, growth/decline depends on economy - consumers prefer to drink less expensive wines instead of not drinking - e-commerce
Social	<ul style="list-style-type: none"> - France, Italy = higher prices, premium image - South American wines are unique products (grape varietals) - consumption is sign of status, sophistication - possible health benefits
Technological	<ul style="list-style-type: none"> - types differ based on alcohol content, carbonation, fortification
Marketing/Brand	<ul style="list-style-type: none"> - wine tasting events to enhance brand profile - "flash sale" internet retailers

APPENDIX: MARKET SIZE ANALYSIS

Export Market Liters			Bottles	\$ Value			
.7 billion	-->	700,000,000	933,333,333	30,440,112,994.35		399,435,028.256	532,580,037.6
	Tons	700,000					
Bottle Size (Liters)							
0.75							

Market Size (info via Canada)	
Market Size	38.3
Red Wine %	0.752
	28.8016

Currency							
0.15	US price	Avg Price	Volume	Weight		Weighted Prices	
	4.5	30	100	0.01129944		0.338983051	
	6	40	250	0.02824859		1.129943503	
	11.25	75	1000	0.11299435		8.474576271	
	18.75	125	1600	0.18079096		22.59887006	
	26.25	175	1450	0.16384181		28.67231638	
	37.5	250	2000	0.2259887		56.49717514	
	52.5	350	1950	0.22033898		77.11864407	
	60	400	500	0.05649718		22.59887006	
Price Point							USD
57%		Total	8850			217.4293785-->	32.61440678

APPENDIX: ONLINE SALES

Alibaba	Jiuxian
<ul style="list-style-type: none"> – Valued at \$470 billion (market cap) – Wine Direct platform <ul style="list-style-type: none"> – B2C – ‘Alibaba is building a platform to help educate consumers about the culture of wine and to be a bridge between them and wine producers across the world,’ Sebastian Badault – Major market for online sales – High potential for exposure – Growing offline presence (B&M) 	<ul style="list-style-type: none"> – Valued at \$1B – Specialized e-commerce platform – Emphasis on B2B sales – 400% revenue growth from 2015 – “100 businesses and 10 Million Sales” – Growth in imports – Product mix driven by “value”

ANALYSIS: DECISION MATRIX

Criteria	Weight	Export:			Domestic:	
		Bulk/Blended	Localized Product	Established Product	Start Chinese Vineyard	Acquire Company
Alignment With Values	2	6	10	20	10	4
Feasibility	1.75	5.25	8.75	17.5	5.25	1.75
Profit Potential	1.5	4.5	7.5	10.5	12	9
Limited Risk Level	1	8	3	6	1	1
Competition	1	7	4	3	5	7
Legal Implications	1	5	5	5	2	2
Growth Potential	1	2	5	8	7	7
Favorable Demographics	0.75	1.5	6	5.25	3.75	6
TOTALS:	10	39.25	49.25	75.25	46	37.75

APPENDIX: PRICING STRATEGY MATRIX



	Value Price	Premium Price	Low Price	Weight
Aligns with WA Values	9	7	4	3
Competitive space	4	2	6	2.5
Market Potential	10	8	6	2
WA Capabilities	8	8	4	1.5
Profitability	6	9	4	1

Weighted Chart:	Value Price	Premium Price	Low Price
Aligns with WA Values	27	21	12
Competitive space	10	5	15
Market Potential	20	16	12
WA Capabilities	12	12	6
Profitability	6	9	4
Total	75	63	49

APPENDIX: CUSTOMER MATRIX

	Social Media	In-Person Events	Has \$	Spends \$	Buys Online	Buys Offline	Brand	Green	Value	
Traditionalist	1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	1.00	-5.00
Adventurer	0.00	0.00	1.00	1.00	1.00	-1.00	1.00	0.00	1.00	4.00
Planner	1.00	-1.00	-1.00	-1.00	1.00	-1.00	-1.00	0.00	0.00	-3.00
Optimist	1.00	1.00	1.00	1.00	1.00	-1.00	1.00	1.00	1.00	7.00
Striver	1.00	1.00	1.00	1.00	1.00	-1.00	1.00	0.00	-1.00	4.00

	Social Media	In-Person	Has \$	Spends \$	Buys Online	Buys Offline	Brand	Green	Value	Total
Weights	10	5	10	15	15	5	15	5	20	
Traditionalist	10.00	-5.00	-10.00	-15.00	-15.00	-5.00	-15.00	-5.00	20.00	-40.00
Adventurer	0.00	0.00	10.00	15.00	15.00	-5.00	15.00	0.00	20.00	70.00
Planner	10.00	-5.00	-10.00	-15.00	15.00	-5.00	-15.00	0.00	0.00	-25.00
Optimist	10.00	5.00	10.00	15.00	15.00	-5.00	15.00	5.00	20.00	90.00
Striver	10.00	5.00	10.00	15.00	15.00	-5.00	15.00	0.00	-20.00	45.00

APPENDIX: ONLINE VS OFFLINE

Why Online

- Simplifies distribution
 - Online retailers handle the distribution aspect
- Capitalize on the target market?
 - Target customers heavily shop online
- Able to convey more of Washington values online
 - More space to elaborate on our products
- Growing market segment

Brick and Mortar Difficulties

- Difficult to navigate Chinese distribution channels
- Label space may not adequately allow for WA to develop the correct brand in a new market

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白酒

茅台 五粮液 剑南春 汾酒
浓香型 酱香型 贵州 四川

葡萄酒

法国 澳大利亚 西班牙
中国 茉莉花 丁戈树

洋酒

威士忌 白兰地 人头马
马爹利 百龄坛

11.11 我等你来 11.10 20:00 狂欢开启

红洋酒会场

69元秒中级庄

领券满399元减40元

进入会场

聚会用酒

不超预算选好酒



家乡美酒

地方名酒 购遍中国



国色天香

APPENDIX: BEIJING EVENTS

- 19th China (Beijing) International Wine Expo
 - Biggest in Beijing area
- 18th China International Food Exhibition
- Suckling's Great Wines of the World (11/6)

APPENDIX:



Participating wineries include (by country) 参展酒庄(按国家):

Argentina: Catena Zapata, Terrazas de Los Andes, Viña Cobos **Australia:** Penfolds, Vasse Felix **Chile:** Almaviva, Clos Apalta, Concha Y Toro, Errazuriz, Montes, Ritual, Seña, Viña Maipo, Viñedo Chadwick **China:** Ao Yun **France:** Champagne Baron de Rothschild, Château Bélair-Monange, Château Calon-Ségur, Château Canon, Château Clerc Milon, Château d'Issan, Chateau Faugere, Château Fombrauge, Château Giscours, Château Haut-Brisson, Château La Tour Carnet, Chateau Lafaurie-Peyraguey, Château Monlot, Château Montrose, Château Mouton Rothschild, Château Pape Clément, Château Péby-Faugères, Château Pédesclaux, Château Pichon Baron, Château Rauzan-Ségla, Château Rocheyron, Château Tour Saint Christophe, Château Trottevieille, Clos Haut-Peyraguey, Dom Pérignon, Essence de Fourthe, Georges Duboeuf, Ruinart **Italy:** Allegrini, Bellavista, Bibi Graetz, Caiarossa, Casanova di Neri, Castello Banfi, Castiglion del Bosco, Ceretto, Ciacci Piccolomini d'Aragona, Fattoria Le Pupille, Feudo Maccari, Marchesi Antinori, Marchesi de'Frescobaldi, Marchesi di Barolo, Masi, Mazzei, Montepeloso, Orma, Ornellaia, Petrollo, Pio Cesare, Renieri, Schiopetto, Siro Pacenti, San Filippo, Schiopetto, Siro Pacenti, Tasca D'Almerita, Tenuta Sette Ponti, Valdicava, Vietti **New Zealand:** Cloudy Bay **Portugal:** Graham's, Prats & Symington, Taylor's **Spain:** Clos D'Agon, Dominio de Pingus, Terroir Al Límit **Uruguay:** Bodega Garzon **USA:** Beaulieu Vineyards, Domaine Serene, Faust, Kosta Browne, Opus One, Paul Hobbs, Peter Michael, Quintessa, RdV Vineyards, Realm Cellars

APPENDIX: AD PRICE



★ booth price list:				
★ Advertising Price List:				
Journal cover	Back cover	Journal spread	Journal cover two or three	Journal interior color
20,000 yuan	18,000 yuan	10,000 yuan	12,000 yuan	5,000 yuan
Black and white pages	Assembly tickets	Exhibition license	Visiting card of the conference	Handbag
2,000 yuan	5000 yuan / million	5000 yuan / one thousand	8500 yuan / million	5000 yuan / thousand
specification	Journal specifications: 210cm × 135cm (customers provide pictures or film, the organizing committee on behalf of the production)			
	Bag Specifications: 300mmX400mm (customers provide pictures or film, the organizing committee for the production)			
Description	Convention Exhibitor license specifications: 90mmX125mm (customers provide pictures or film, the organizing committee on behalf of the production)			
	Convention Visiting Cards and Conference Invitations Specifications: 90mmX125mm (customers provide pictures or film, the organizing committee on behalf of the production)			
	Conference ticket specifications: 100mmX120mm (customers provide pictures or film, the organizing committee on behalf of the production)			

★ Business Forum Price List:					
Types of	Business special	Brand special	Technical Seminar	Investment Conference	Product Promotion
time	2 hours	2 hours	2 hours	2 hours	2 hours
cost	¥ 2 0000	¥ 20000	¥ 20000	¥ 20000	¥ 20000
meeting room	1. Provide meeting place and related infrastructure within 150 persons;				
Configuration	2. Provide power, projector, audio, Mike, etc .;				
	3. Provide venue guidance and information card advertising space;				
	4. Free pre-conference radio announcements and audience organization;				

APPENDIX: PROMOTION BOX



APPENDIX: WECHAT FOR BUSINESS

How to use WeChat for business

Let's start by looking at the three [types of WeChat business account](#): subscription accounts, service accounts, and enterprise accounts. They all fall under the category of [Official Accounts](#), which are available to celebrities, media, government organizations, and businesses. Subscription accounts offer more messaging, but service accounts offer more robust functionality. Enterprise accounts are primarily for organizational management and are not of primary interest to marketers.

- Subscription accounts: Allow one broadcast message per day to subscribers; messages appear in the subscription accounts folder.
- Service accounts: Allow up to four broadcast messages per month; messages appear in the friend session list. Verified accounts have access to nine advanced APIs and can apply for WeChat Pay.
- Enterprise accounts: Offer messaging and business tools but are only available in Mainland China.

APPENDIX: WECHAT COUNTRY DATA

Geography	Category	Data Type	Unit	2011	2012	2013	2014	2015	2016
China	WeChat	Active Monthly Users	'000 persons	-	-	-	438,200.0	600,000.0	805,700.0
Indonesia	WeChat	Active Monthly Users	'000 persons	-	-	-	5,800.0	6,000.0	6,320.0
Thailand	WeChat	Active Monthly Users	'000 persons	-	-	-	1,480.0	2,146.0	2,789.0
Russia	WeChat	Active Monthly Users	'000 persons	-	-	-	121.0	213.0	270.0
Saudi Arabia	WeChat	Active Monthly Users	'000 persons	-	-	-	2,783.1	2,714.2	2,752.0
United Arab Emirates	WeChat	Active Monthly Users	'000 persons	-	-	-	656.6	909.3	1,327.0

APPENDIX: WECHAT vs. RENREN

WeChat vs. RenRen Mobile App User Share in China, by Age, 2016

% of total

	RenRen	WeChat
10-15	9%	15%
16-20	8%	13%
21-25	14%	16%
26-30	23%	17%
31-35	20%	14%
36-40	14%	13%
41-45	6%	7%
46-50	6%	5%

Source: Newzoo, "2016 Global Mobile Market Report," Oct 5, 2016

217755

www.eMarketer.com

APPENDIX: WECHAT ACTIVITY

Select WeChat Activities Conducted by WeChat Users in China, Nov 2015

% of respondents

Access products and services via WeChat Pay

25.0%

Purchase products via Weidian

12.1%

Click on ads

11.3%

Paid gaming

10.2%

Pay for emoticons

8.4%

Pay to access other additional services

8.0%

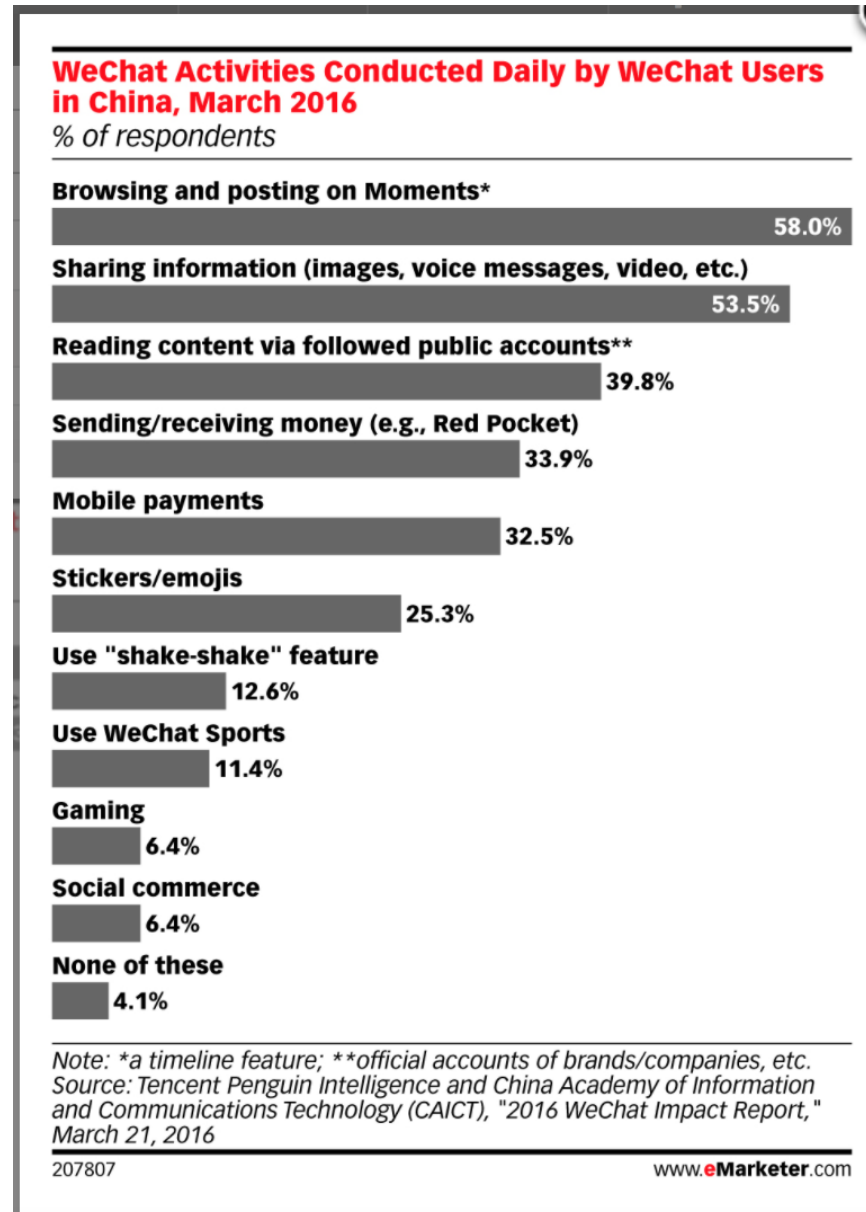
Access city services

7.9%

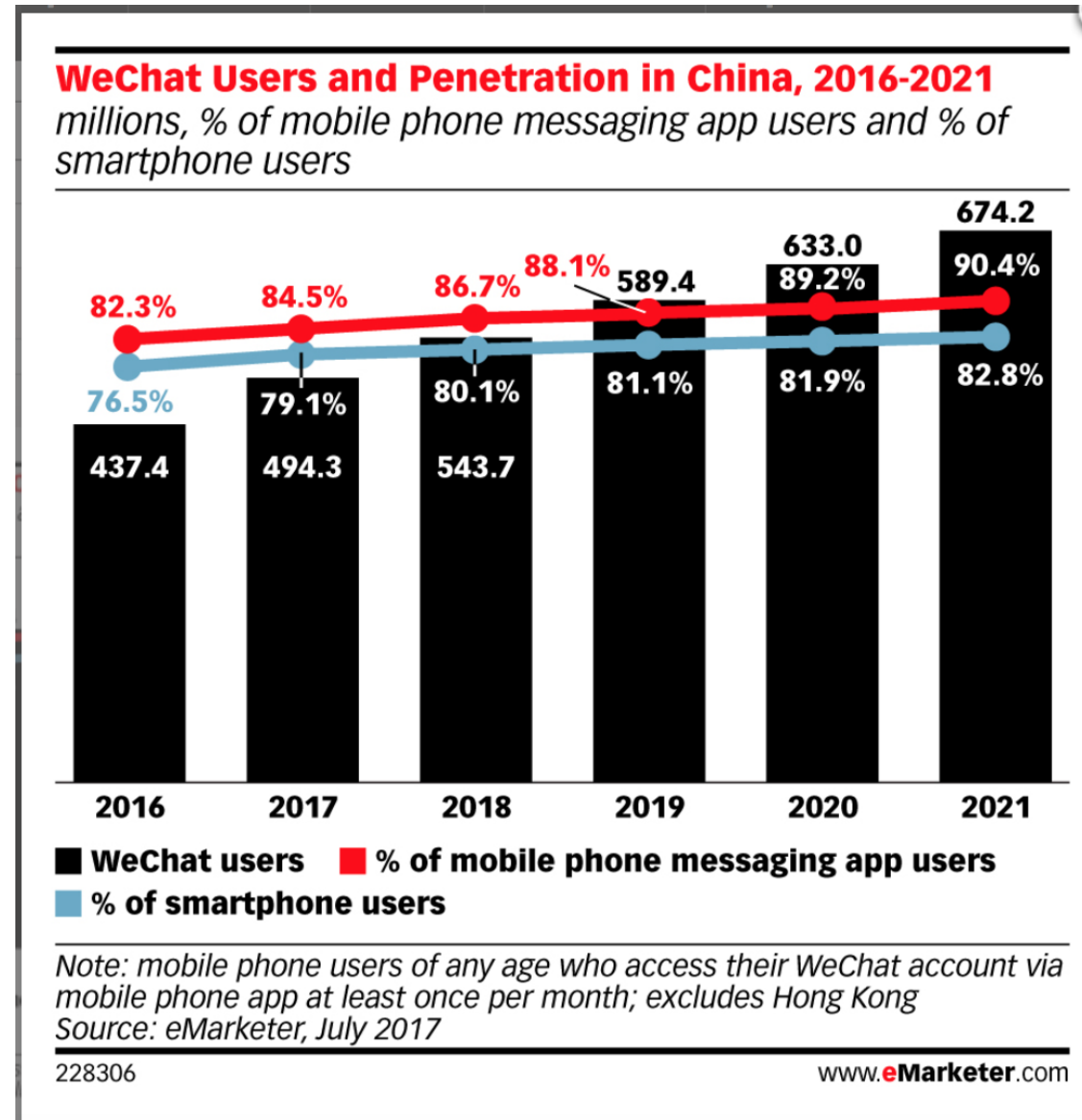
Note: ages 6+

Source: China Internet Network Information Center (CNNIC), "2015 China Social Network/Chat Servic Users Behavior Report," April 8, 2016

APPENDIX: WECHAT ACTIVITY DAILY



APPENDIX: WECHAT PENETRATION



APPENDIX: SUBSCRIPTION BOX

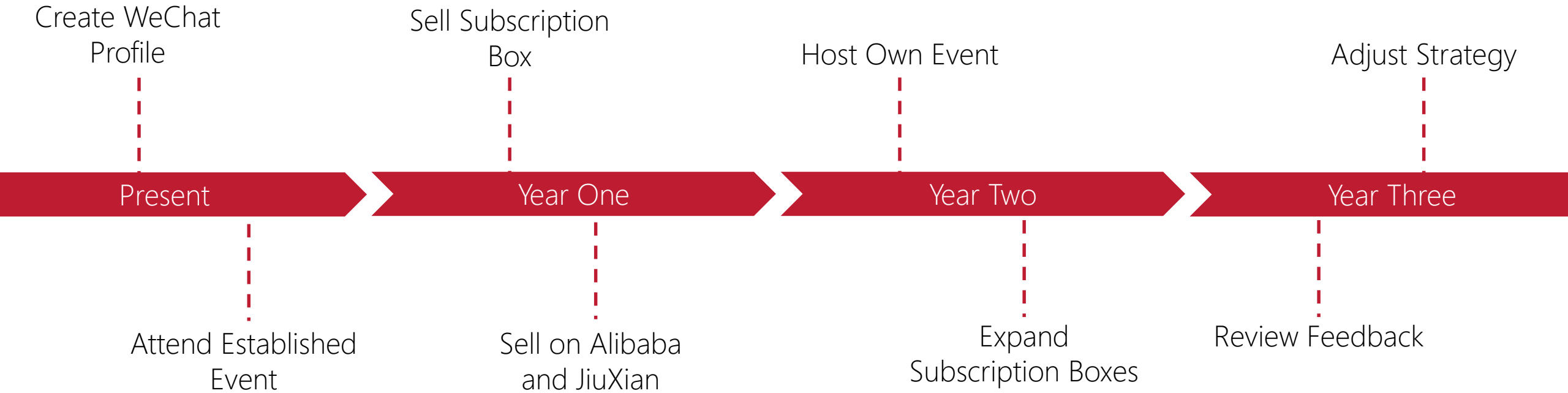
- 2 bottles per box/ 1 box per month
- \$45USD/299RMB Per Month
- 899RMB for 3Mo, 1794RMB for 6 Mo, 3588RMB for 12 Mo
- Includes slip about WA wines (information about WA wineries)
- Bottle has nice packaging that has information about wine
- Pros: Subscription Boxes target millennials, gives consumers variation + educates them
- Can sign up at events + subscription box through Jiuxian
- First box is a taster box to gauge consumer taste → then send personalized wine
- Distribution channel: Use agent

APPENDIX: SUBSCRIPTION PRICING

Subscription		
Competitor Prices	Price/2 Bottles	
Fancy Cellars	\$45.00	Mid-Range
VinCar	\$75.00	High-End
SigWine	\$45.00	Mid-Range
WA Wineries	\$43.62	Mid-Range

Subscription Price China		
WA Winery Price Per Bottle	\$15.00	
Gross Margin	\$8.25	
Cost of Production	\$6.75	
Mark Ups		
Category	% of price	Mark Up
Customs and duties	14.00%	\$1.34
Excise Duties	10.00%	\$1.09
VAT	17.00%	\$2.03
Importer's margin	25.00%	\$3.50
Cost Per Bottle		\$15
Price Per Bottle		\$22.96
Subscription Discount	5%	21.8
Price Per Box (2 bottles)		\$43.62

TIMELINE



APPENDIX: WA WINE FINANCIAL INFO

	WA Revenues				
	2018	2019	2020	2021	2022
Tons sold	4,706.10	4,941.41	5,188.48	5,447.90	5,720.29
Revenue	26,145,000.00	27,452,250.00	28,824,862.50	30,266,105.63	31,779,410.91

WA Wine		
		Billion
	Sales	1.5
	Export	0.0249
	%	0.0166
	Tons	270,000
	Export	0.0166
	Export Tons	4482
	Chinese Mkt Share	
Tons	400,000	
Mkt share	1.121%	

CAGR	
	1.05
Price/ton	
	5555.55556

APPENDIX: KEY FINANCES

NPV		\$2,326,100
IRR		54%
Revenue 2022 (China)	\$	31,779,410.91
Profit 2022 (China)		1,747,916.86

APPENDIX: FINANCIAL ASSUMPTIONS

Assumptions

CAGR

China CAGR

5%

bottles per ton

1333.333

Price/ton

5555.555556

Gross Profit

55.00%

SGA

22.30%

Taxes

35.00%

Discount Rate

18.40%

APPENDIX: WA REVENUES IN CHINA

	2018	2019	2020	2021	2022
Bottle Sold	1,138,911.90	1,195,857.50	1,255,650.37	1,318,432.89	1,384,354.54
Tons sold	4,706.10	4,941.41	5,188.48	5,447.90	5,720.29
Revenue	26,145,000.00	27,452,250.00	28,824,862.50	30,266,105.63	31,779,410.91
COGS	18,102,333.42	19,007,450.09	19,957,822.59	20,955,713.72	22,003,499.41
Gross Profit	8,042,666.58	8,444,799.91	8,867,039.91	9,310,391.91	9,775,911.50
SGA	\$ (5,830,335.00)	\$ (6,121,851.75)	\$ (6,427,944.34)	\$ (6,749,341.55)	\$ (7,086,808.63)
EBITDA	2,212,331.58	2,322,948.16	2,439,095.57	2,561,050.35	2,689,102.87
After Tax EBITDA	1,438,015.53	1,509,916.31	1,585,412.12	1,664,682.73	1,747,916.86 ⁸¹

APPENDIX: WA WINERY REVENUES

Current Wine WA Revenue	\$ 1,500,000,000.00	\$ 1,575,000,000.00	\$ 1,653,750,000.00	\$ 1,736,437,500.00	\$ 1,823,259,375.00
COGS	\$ (675,000,000.00)	\$ (708,750,000.00)	\$ (744,187,500.00)	\$ (781,396,875.00)	\$ (820,466,718.75)
Gross Profit	\$ 825,000,000.00	\$ 866,250,000.00	\$ 909,562,500.00	\$ 955,040,625.00	\$ 1,002,792,656.25
SGA	\$ (334,500,000.00)	\$ (351,225,000.00)	\$ (368,786,250.00)	\$ (387,225,562.50)	\$ (406,586,840.63)
EBITDA	\$ 490,500,000.00	\$ 515,025,000.00	\$ 540,776,250.00	\$ 567,815,062.50	\$ 596,205,815.63
After Tax EBITDA	\$ 318,825,000.00	\$ 334,766,250.00	\$ 351,504,562.50	\$ 369,079,790.63	\$ 387,533,780.16

	Initial Investment					
	\$ (2,519,000.00)	1,438,015.53	1,509,916.31	1,585,412.12	1,664,682.73	1,747,916.86
NPV	\$2,326,100					
IRR	54%					

APPENDIX: REVENUE GOALS

WA Wine		
		Billion
	WA Winery Sales	1.5
	Export	0.0249
	%	1.66%
	Total Tons Produced	270,000
	% of production exported	1.66%
	Additional Export Tons	4482
	Chinese Red Wine Mkt	
Total Tons	400,000	
Mkt share	1.121%	

APPENDIX: MARKETING ANALYSIS

Costs	
Initial investments	
Events Cost	\$ 7,000.00
Additional Events costs	\$ 3,000.00
Celebrity Endorsement WeChat	\$ 2,400,000.00
Alibaba Upfront costs	\$ 5,000.00
Jiuxian	\$ 4,000.00
Box Design	\$ 100,000.00
	\$(2,519,000.00)

Based on Instagram	\$ 10,000.00	
	\$ 10100,000.00	Million followers
	\$ 2200,000.00	Celebrities
	\$ 122,400,000.00	Posts/year

APPENDIX: PRICE BREAKDOWN



E-Commerce Price China

WA Winery Price Per Bottle	\$15.00	
Gross Margin	\$8.25	
Cost of Production	\$6.75	
Mark Ups		
Category	% of price	Mark Up
Customs and duties	14.00%	\$0.95
Excise Duties	10.00%	\$0.77
VAT	17.00%	\$1.44
Importer's margin	25.00%	\$2.48
Retailers Margin	50.00%	\$6.19
Cost Per Bottle		\$18.57
Sales Price Per Bottle		\$26.82
Gross Profit Margin %		
China	30.76%	
COGS as % of sales	69.24%	

Competitor Prices		Subscription Price/2 Bottles	
Fancy Cellars		\$45.00	Mid-Range
VinCar		\$75.00	High-End
SigWine		\$45.00	Mid-Range
WA Wineries		\$43.62	Mid-Range
Subscription Price China			
WA Winery Price Per Bottle		\$15.00	
Gross Margin		\$8.25	
Cost of Production		\$6.75	
Mark Ups			
Category		% of price	Mark Up
Customs and duties		14.00%	\$1.34
Excise Duties		10.00%	\$1.09
VAT		17.00%	\$2.03
Importer's margin		25.00%	\$3.50
Cost Per Bottle			\$15
Price Per Bottle			\$22.96
Subscription Discount		5%	21.8
Price Per Box (2 bottles)			\$43.62

APPENDIX: MARGINS BREAKDOWN WA WINERIES

Comparable company	
Avg Revenue	\$ 575,089.83
Avg COGS	\$ 329,077.05
Avg Gross Profit	\$ 246,012.78
Avg Gross Profit Margin	55%
Avg Operating Income Before Tax	\$ 56,289.50
SG&A as % of sales	26.95%

Washington Winery		
COGS as % of sales	45%	Silicon Valley Bank and SVB index
Avg. Gross Margin WA	55%	Silicon Valley Bank and SVB index
Avg SG&A as % of sales	22.30%	SVB Appendix

APPENDIX: WINERY FINANCIAL BENCHMARKS

TABLE 1 Winery Financial Benchmarks, 2007 & 2008						
Year/Annual Averages	2007			2008		
Cases Sold (in 1,000s)	<4	4-20	>20	<4	4-20	>20
No. wineries represented	27	36	27	22	32	26
PRODUCTION & SALES						
Average Cases Sold	2,233	9,470	69,438	2,407	8,278	80,419
Average Cases Produced	3,383	12,891	78,367	3000	9,813	88,869
Production to Sales Ratio (x)	1.66	1.35	1.16	1.33	1.15	1.13
Ave. Sales Price per Case	\$403	\$297	\$216	\$399	\$289	\$212
COGS per Case	\$150	\$119	\$86	\$128	\$114	\$85
Gross Profit per Case	\$222	\$178	\$130	\$271	\$175	\$127
EBITDA (\$1,000)	\$252	\$744	\$4,145	\$302	\$620	\$3,882
EBITDA, Less Distributions (\$1,000)	\$181	\$652	\$3,424	\$186	\$517	\$2,971
Sr. Debt per Case Sold	\$416	\$354	\$164	\$436	\$328	\$210
Line of Credit Debt/ Cases Sold (x)	\$256	\$119	\$64	\$296	\$140	\$69
PROFITABILITY						
Gross Profit Margin	61.0%	56.2%	55.6%	60.7%	58.4%	53.5%
Sales, Marketing, Promo Ratio	16.3%	17.9%	19.3%	19.0%	21.1%	22.3%
Net Margin before Owners Comp.	9.1%	10.5%	15.5%	8.1%	10.3%	9.5%
Net Margin	6.9%	7.5%	14.8%	6.6%	8.6%	8.9%