WASHINGTON WINES
UNCORKING THE POTENTIAL OF THE CHINESE WINE MARKET
Andrew Chan • Preston Gulledge • Amanda Schmitz • Sophie Wong
OBJECTIVES

HOW DO WASHINGTON STATE WINERIES REACH THE CHINESE CONSUMER?

TARGET MARKET  WINE SELECTION  COMPETITION  MARKETING
SOLUTION OVERVIEW
THREE PRONG APPROACH

PREMIUM BOUTIQUE

UPPER INCOME, STATUS CONSCIOUS TRAVELER
SOLUTION OVERVIEW
THREE PRONG APPROACH

PREMIUM BOUTIQUE

UPPER INCOME, STATUS
CONSCIOUS TRAVELER

3 PART MARKETING STRATEGY
IN-FLIGHT PROMOS, WINE CLUB, + SOCIAL MEDIA
CONTEXT
CURRENT SITUATION OF WASHINGTON WINES

REGIONAL IDENTITY
- Diverse Producers
- Capacity Limitations

RESOURCES

OPERATING MODEL
CONTEXT
CURRENT SITUATION OF WASHINGTON WINES

REGIONAL IDENTITY

RESOURCES
- $8 MM total budget
- 4% for Intl. Marketing

OPERATING MODEL
CONTEXT
CURRENT SITUATION OF WASHINGTON WINES

REGIONAL IDENTITY

RESOURCES

OPERATING MODEL
- Build Brand, Build Demand
CHINESE CONSUMER PREFERENCE

- FRUIT DRIVEN
- LOW TANNIN-STRUCTURE
- SWEET
- AROMATIC
WASHINGTON VARIETALS

CABERNET SAUVIGNON

MERLOT

WHITE RIESLING
WASHINGTON VARIETALS

#1 by production volume
CABERNET SAUVIGNON

#2 by production volume
MERLOT

#4 by production volume
WHITE RIESLING
WASHINGTON’S COMPETITION

- France (High Quality, High Price)
- Australia (Low Quality, Low Price)

Charge
Analysis
Recommendation
Risks
Conclusion
Q&A
WASHINGTON’S COMPETITION

- **High Quality**
  - Washington
  - France

- **Low Price**
  - Australia

- **Low Quality**
  - Low Price
  - High Price
WASHINGTON’S COMPETITION

- Premium Wine
- Limited Selection – Reserve/Boutique Model
- Middle-upper Price Range
VALUE PROPOSITION
OF WASHINGTON WINES

- BOUTIQUE
- EXCLUSIVE
- PREMIUM
PERSONA BREAKDOWN
CHINESE WINE DRINKERS + WHO THEY ARE

PRESTIGE-SEEKING TRADITIONALISTS
Conservative, high-spending; choose imported wine for social status
19%

DEVELOPING DRINKERS
Developing a taste for wine; eager to learn
19%

HEALTH SIPPERS
Price-conscious; drink occasionally for “health benefits”
16%

ADVENTUROUS CONNOISSEURS
Frequent, high-spending; enjoy a wide variety
7%

FRUGAL OCCASIONALs
Low-engagement, infrequent; drink to celebrate occasions
15%

SOCIAL NEWBIES
Young, new to wine; view as a social drink
24%
PERSONA BREAKDOWN
CHINESE WINE DRINKERS + WHO THEY ARE

- PRESTIGE-SEEKING TRADITIONALISTS: Conservative, high-spending; choose imported wine for social status (19%)
- DEVELOPING DRINKERS: Developing a taste for wine; eager to learn (19%)
- FRUGAL OCCASIONALs: Low-engagement, infrequent; drink to celebrate occasions (15%)
- HEALTH SIPPERS: Price-conscious; drink occasionally for “health benefits” (16%)
- ADVENTUROUS CONNOISSEURS: Frequent, high-spending; enjoy a wide variety (7%)
- SOCIAL NEWBIES: Young, new to wine; view as a social drink (24%)
### The Chinese Customer

<table>
<thead>
<tr>
<th>Buying Purpose</th>
<th>Market Size (# people/segment in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>2.94 M</td>
</tr>
<tr>
<td>Tourism</td>
<td>.93 M</td>
</tr>
<tr>
<td>Gifting</td>
<td>.69 M</td>
</tr>
</tbody>
</table>
MARKETING
STRATEGY
# Channel Decision

## Marketing Modes Considered

<table>
<thead>
<tr>
<th>Criteria</th>
<th>B2B Marketing</th>
<th>Traditional Marketing</th>
<th>Online Marketing</th>
<th>Social Media</th>
<th>Loyalty Marketing</th>
<th>Sample Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conversion Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saturation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reach</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact to Cost Ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Legend:**
- **Good**
- **Medium**
- **Bad**
## Channel Decision

### Marketing Modes Considered

<table>
<thead>
<tr>
<th>Criteria</th>
<th>B2B Marketing</th>
<th>Traditional Marketing</th>
<th>Online Marketing</th>
<th>Social Media</th>
<th>Loyalty Marketing</th>
<th>Sample Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conversion Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saturation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reach</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact to Cost Ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Legend:**
- **Good**
- **Medium**
- **Bad**
MARKETING STRATEGY
THREE PRONG APPROACH

IN-FLIGHT MARKETING
WINE CLUB
SOCIAL INFLUENCERS
MARKETING STRATEGY
THREE PRONG APPROACH

IN-FLIGHT MARKETING

WINE CLUB

SOCIAL INFLUENCERS
IN-FLIGHT MARKETING

DELTA + HAINAN AIRLINES

- Promotional deals on wine + brochures
- Free samples for First-Class + Business
- In-flight retail
WINE CLUB

SILVER
Online membership
Newsletter
Discounts & promo

GOLD
Monthly delivery
Magazine

PLATINUM
Bi-monthly delivery
Exclusive selection
Wine tasting classes
MARKETING STRATEGY
THREE PRONG APPROACH

IN-FLIGHT MARKETING

WINE CLUB

SOCIAL INFLUENCERS
SOCIAL INFLUENCERS

($$$) PRIME SOCIAL INFLUENCERS

($) BLOGGERS + CRITICS

(FREE) FRIENDS + FAMILY
## Expected Return

<table>
<thead>
<tr>
<th>Budget</th>
<th>Annual NOI</th>
<th>ROI</th>
<th>CLV</th>
</tr>
</thead>
<tbody>
<tr>
<td>$163K</td>
<td>$53,944.40</td>
<td>33%</td>
<td>$277.69</td>
</tr>
<tr>
<td>$850K</td>
<td>$4,496,457.42</td>
<td>529%</td>
<td>$606.53</td>
</tr>
</tbody>
</table>
RISKS + MITIGATION
RISK ANALYSIS

RISKS

PRICE WAR

NEW ENTRANTS

LOW CAPTURE RATE

MITIGATION

Retain position as a high quality producer, do not compete based on cost

Continued investment in loyalty based marketing and wine club

Diversify marketing techniques: further promotions, travel channel, features, etc.
CONCLUSION
A BRIEF RECAP
TIMELINE
KEY IMPLEMENTATION STEPS

1. Engage key stakeholders
2. Establish key relationships
3. Develop wine club infrastructure
4. Engage social influencers
5. Sustain customer engagement cadence
6. Evaluate KPIs + adjust as necessary
RECAP

LEVERAGE REGIONAL STRENGTHS

SECURE BOUTIQUE POSITIONING

IMPLEMENT EXPERIENCE-DRIVEN MARKETING
THANK YOU
# APPENDIX

<table>
<thead>
<tr>
<th>ANALYSIS</th>
<th>RESEARCH</th>
<th>MARKETING</th>
<th>FINANCIALS</th>
<th>FINANCIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERSONA</td>
<td>FLAVOR PROFILES</td>
<td>KEY TRENDS</td>
<td>SEGMENTS</td>
<td>CHINA FLIGHT DATA</td>
</tr>
<tr>
<td>WINE TASTE</td>
<td>GLOBAL PROFILES</td>
<td>DISTRIBUTION</td>
<td>SALES FORECAST</td>
<td>MARKET SIZE</td>
</tr>
<tr>
<td>KEY TRENDS IN CHINA</td>
<td>WA STATE WINES</td>
<td>EXPORT PROJECTION</td>
<td>CALIFORNIA STATS</td>
<td>COST BREAKDOWN</td>
</tr>
<tr>
<td>WINE TASTES</td>
<td>CUSTOMER LIFETIME</td>
<td>PESTAL</td>
<td>SAMPLE WA I/S</td>
<td>MKTG PROGRAM COST</td>
</tr>
<tr>
<td>EXTERNAL ANALYSIS</td>
<td>DISTRIBUTION (49)</td>
<td>PESTAL (II)</td>
<td>WA WINE COMMISSION</td>
<td>CPI</td>
</tr>
<tr>
<td>4C'S</td>
<td>DECISION MATRIX (50)</td>
<td>WAREHOUSE MODEL</td>
<td>MKTG. BUDGET</td>
<td>CPI ESTIMATION</td>
</tr>
<tr>
<td>4P'S</td>
<td>PROBABILITY/IMPACT (51)</td>
<td>REGULATION</td>
<td>BUDGET COMPARISON</td>
<td>CLV</td>
</tr>
<tr>
<td>SWOT</td>
<td>INTERNAL ANALYSIS (52)</td>
<td></td>
<td>INCOME STATEMENT</td>
<td>EXPORT PROJECTION</td>
</tr>
</tbody>
</table>