



# The Ultimate Gin Report

Mainland China 2018

NIMBILITY

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## Overview

Gin sales are booming. In just 10 years, the spirit has made the most remarkable come-back: from a deeply unfashionable category represented only by a handful of large distillers, to an ever-broadening, ever-changing, ever-innovating sector of the spirits market with producers of all shapes and sizes popping up across the globe. The latest figures from HM Revenue and Customs have revealed that exports of UK gin rose by 15% in 2018, compared to the previous year, rising to £612 million.<sup>1</sup> This number has more than doubled since 2010 and is predicted to grow still further in 2019.

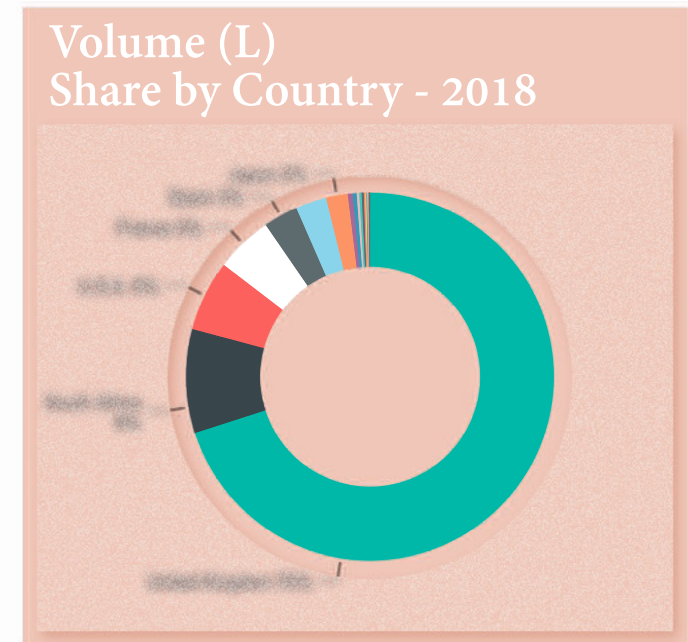
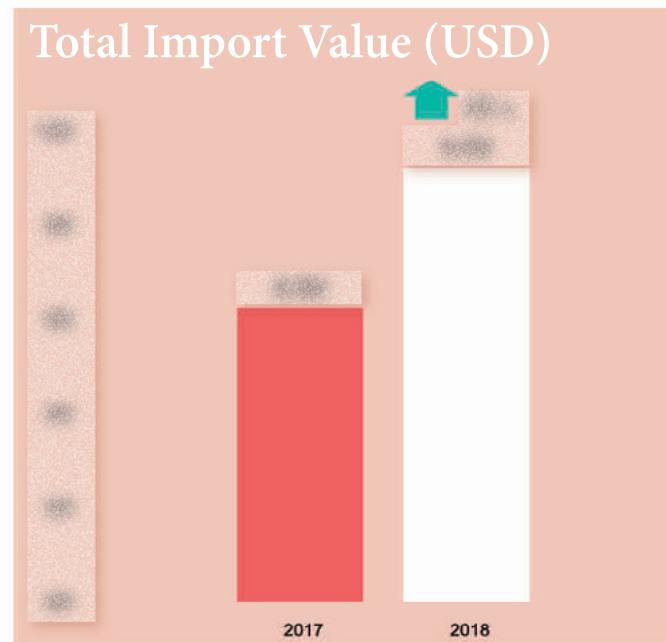
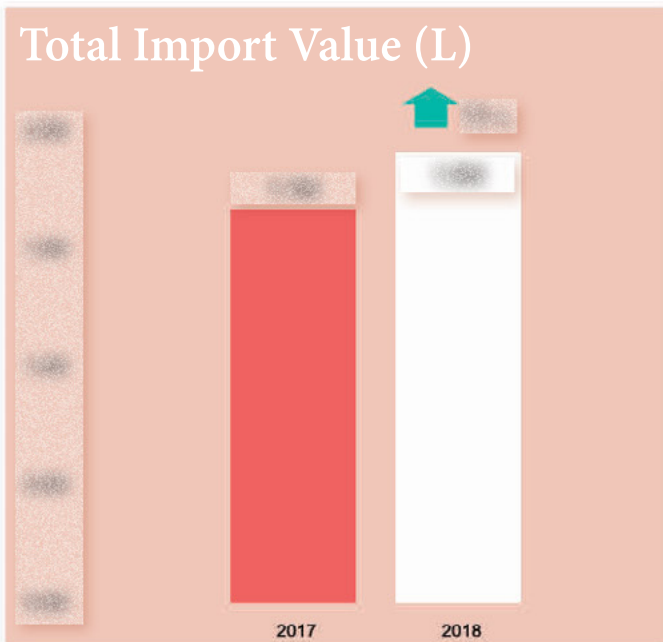
The Mainland China market for gin, however, continues to present a paradox: a tremendous amount of energy and enthusiasm exists, particularly within the professional trade and in the top tier cities; but on the flip side, a largely non-existent indigenous market and still very low import volumes as a share of the total beverage alcohol market.

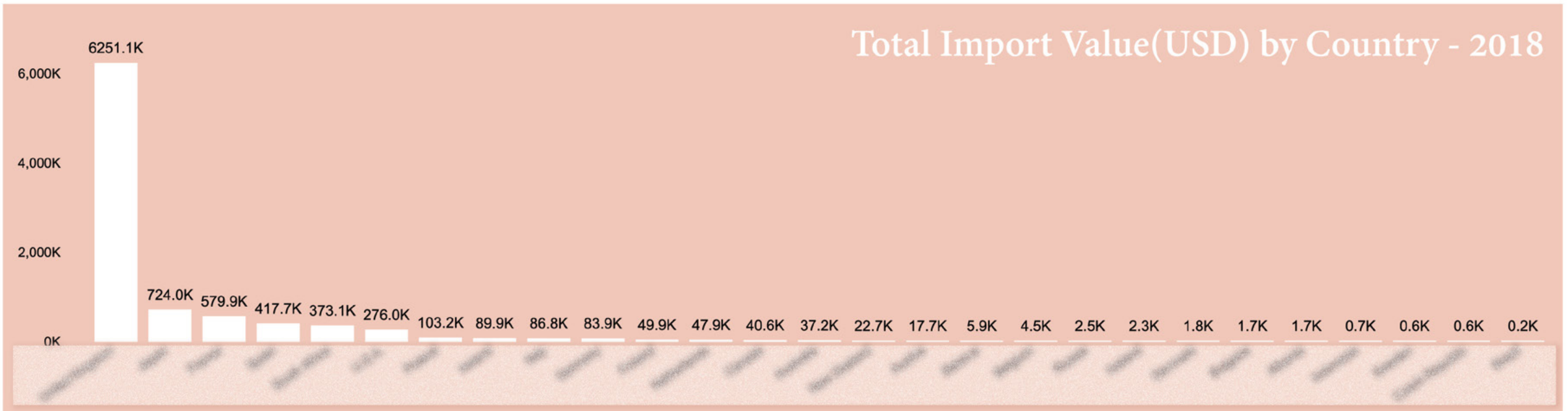
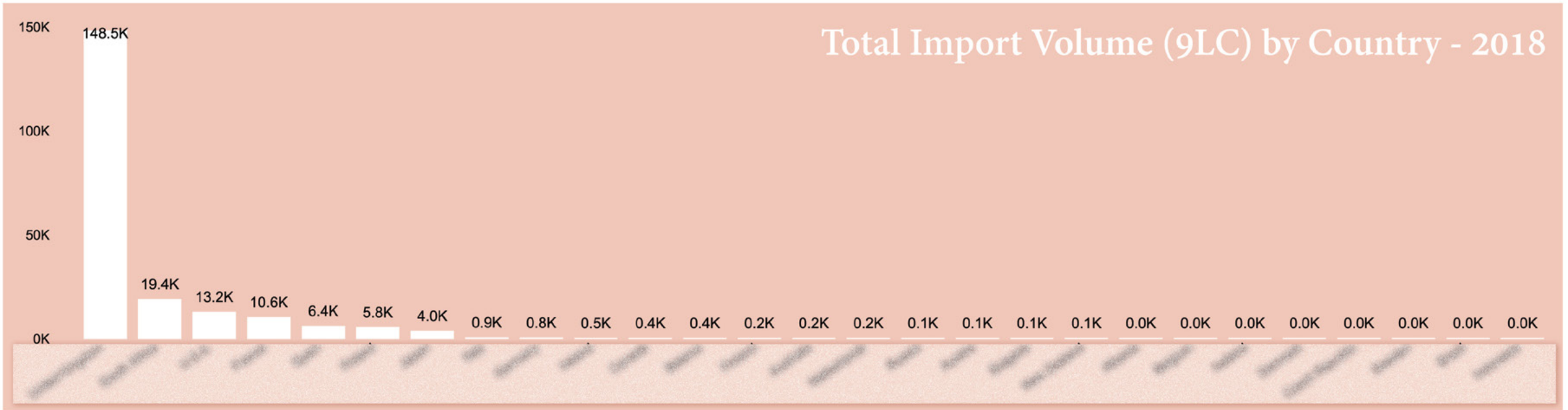
<sup>1</sup> <https://www.thedrinksbusiness.com/2019/02/uk-gin-exports-rise-15-in-2018-to-reach-612m/>



## Market Size, Shape & Changes YoY

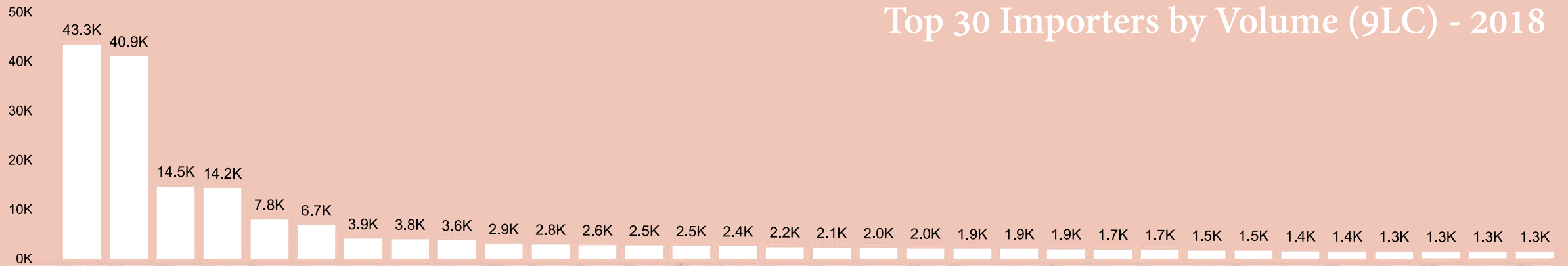
The top categories in international volume experienced modest growth in volume in 2018, up 10% from 2017, with changes in volume impacted heavily, impacted by the movement in the top three categories. Domestic and foreign categories, due to their overall share of total volume, much higher growth occurred through in value, 140%, as the cost segment of the categories is growing. A total of 100% of volume, totaling 1.5m tons, of oil was imported in 2018.





# Innovation, Experimentation, Story-Telling

*[Blurred text placeholder]*



Top 30 Importers by Volume (9LC) - 2018

## ON-TRADE

With the Chinese consumer growing more open to new experiences, foreign spirits and drinking rituals are starting to trend heavily in the on-trade market. People are visiting more bars, spending more money, and asking more questions.

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## Shanghai

### Ars & Delecto

Ars & Delecto, meaning “art and delight”, defines a new wave of bars entering the Shanghai bar scene, with coffee and cocktails dreamt up by famous Tokyo F&B group, Small Axe.

The venue is split over two floors with a modern European café

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## OFF-TRADE

The off trade or retail channel in Mainland China is where we start seeing evidence that the indigenous market for gin is still in a very young and emerging stage. Traditional “bricks and mortar” retailers have yet to make gin a focus, and the channel delivers largely at the entry-level, for the likes of Gordons and Beefeater.

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A selection of the top supermarkets in China is as follows<sup>2</sup>:

- 1) **Hema** - owned by Alibaba and the flagship company for O2O with approximately 150 stores and more under construction. Hema claims to be targeting a Hema store in every China city of 1 million or more people, of which there are approximately 200.<sup>3</sup> The company oozes customer centricity with in-house



- 2) **METRO** - in 1996, METRO Cash & Carry, opened its first wholesale store in Shanghai. The company has set foot in 59 Chinese cities with 95 stores currently in operation. The cash-and-carry wholesaler is serving

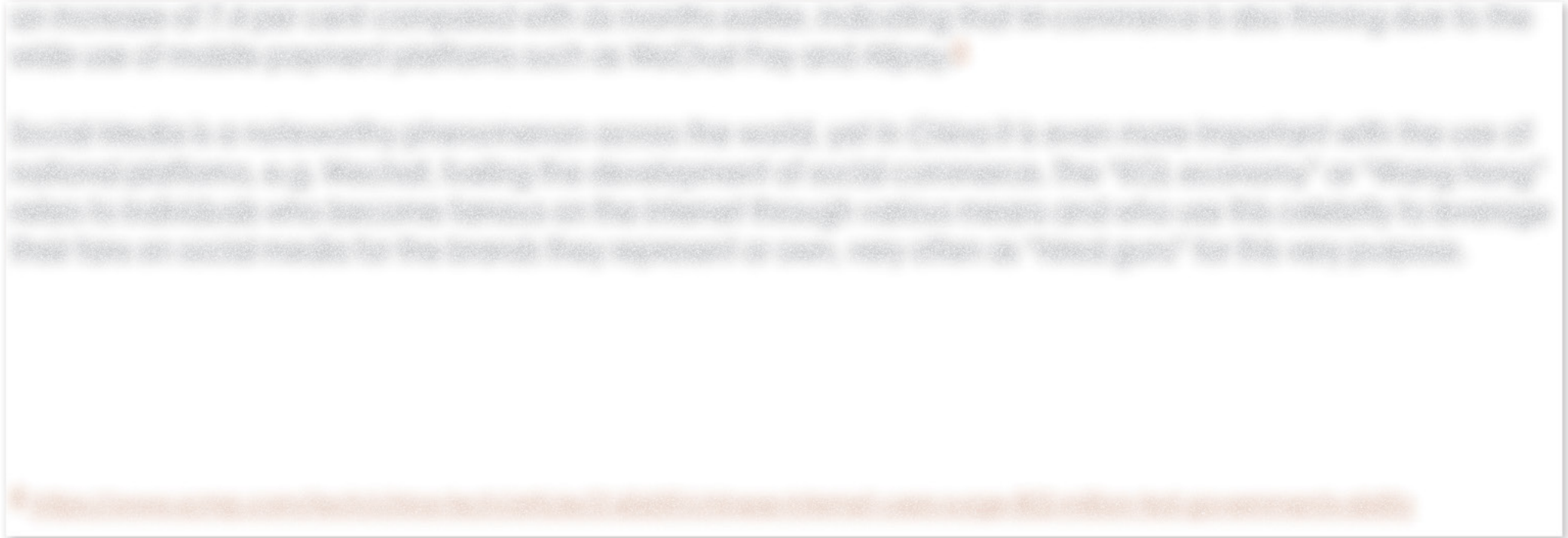


<sup>2</sup> <https://daxueconsulting.com/supermarkets-and-hypermarkets-in-china/>

<sup>3</sup> <https://www.caixinglobal.com/2019-06-25/alibaba-wants-a-hema-supermarket-in-every-big-chinese-city-101431387.html>

## E-COMMERCE

China internet retailing is the largest in the world (80% bigger than the US) and continues to attract attention despite the slowing economy. This explosive growth (+26.2% yoy) is mainly due to the massive population of internet users and online shoppers: in the first half of 2018 the number of internet users in China rose to 802 million, with seven in ten Chinese internet users shopping and paying for purchases online. About 566 million people used mobile payment,



It is essential to recognize that China operates a parallel online ecosystem, wherein access to Facebook, Twitter, Instagram, Google, Youtube, and several others are blocked by the government. While a small slice of Chinese will employ a VPN to access and participate

*[This section contains blurred text, likely representing a source or additional context for the adjacent table.]*

### Top Spirits and Wine E-Commerce Platforms in China

No.	Name	Business Model
1	JD.com	JD.com
2	JD.com	JD.com
3	JD.com	JD.com
4	JD.com	JD.com
5	JD.com	JD.com
6	JD.com	JD.com
7	JD.com	JD.com
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9	JD.com	JD.com
10	JD.com	JD.com
11	JD.com	JD.com
12	JD.com	JD.com
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14	JD.com	JD.com
15	JD.com	JD.com
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# Thank you

  
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