

Cohen, Justin; Lockshin, Larry

Article

Conducting wine marketing research with impact in China: Guidelines for design, execution and dissemination

Wine Economics and Policy

Provided in Cooperation with:

UniCeSV - Centro Universitario di Ricerca per lo Sviluppo Competitivo del Settore Vitivinicolo,
University of Florence

Suggested Citation: Cohen, Justin; Lockshin, Larry (2017) : Conducting wine marketing research with impact in China: Guidelines for design, execution and dissemination, Wine Economics and Policy, ISSN 2212-9774, Elsevier, Amsterdam, Vol. 6, Iss. 2, pp. 77-79, <https://doi.org/10.1016/j.wep.2017.11.002>

This Version is available at:

<https://hdl.handle.net/10419/194540>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by-nc-nd/4.0/>



Editorial

Conducting wine marketing research with impact in China: Guidelines for design, execution and dissemination [☆]

Abstract

China is the fastest growing wine market, but conducting research there is fraught with a variety of issues. This article explores some of the issues the authors have dealt with in conducting wine marketing research in China over the last five years. We discuss issues with the design of research to focus on important issues for both academics and the industry. We relate the key problems in gaining proper translation and useful sampling procedures. Finally, we provide some guidelines for communicating results effectively to different members of the wine trade.

© 2017 UniCeSV, University of Florence. Production and hosting by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Introduction

Both academic and industry researchers have limited knowledge of the China wine market. This is more than a wine category problem; it is a general problem with marketing research in China. In order to do good research we have to first acknowledge this issue and work to overcome our current limitations. In our own personal experience conducting research in China, we feel the more we learn, the more we realise just how much we don't know about China. This piece is a reflection of our experience conducting research in China over the last five years. We share insights on the building blocks required to have impact with stakeholders within and outside this complex market. We focus on how to effectively design and execute research and then how to disseminate the knowledge for impact. This article will hopefully generate constructive discussions so that our research community can work together, irrespective of origin, to help wine brands grow in China.

Design

It is crucial that research conducted for the China wine market is framed by evidence-based principles. Sharp (2010) in his *How Brands Grow* provides a comprehensive review of the methods and subsequent laws of marketing, showing the use of multiple datasets across multiple markets to discover repeatable patterns in market-based behaviour. A keynote by Sharp et al. (2011) at the *Academy for Wine Business Research Conference* illustrated how to apply this approach to understand how wine brands

grow. Research design needs to factor in the principles discussed there in order to have lasting impact. Small samples without replication are not likely to yield important insights into the market. Furthermore, researchers should work from the viewpoint that wine is not different to any other product category and that a Chinese brain is no different to anyone else's in order to design effective science-based research.

No doubt China is a unique country, culture, language, media, advertising and route-to-market landscape. However, we must take an agnostic view of the market and benchmark buyer behaviour effectively before declaring that the China wine market is too different to research using empirically validated laws of growth or other empirical methods. Romaniuk and Sharp (2016) explain the principles of mental and physical availability as the key drivers of brand/category growth and include Chinese market data (non-wine) to illustrate that these fundamental patterns of buyer behaviour extend to China. If we want to conduct research that is of strategic value to the wine industry, then we must design research that builds on the levers that affect mental and physical availability in the China wine market. Much current wine marketing research in China and elsewhere uses small convenience samples and irrelevant constructs, which provide no guidance to understanding and influencing the market (Lockshin and Corsi, 2012). The results may be publishable but are of no use to increase our understanding marketing and are of no help to practitioners.

There are also serious issues with framing research problems due to cultural blindness. This cultural blindness comes from both foreign researchers lacking an understanding of China as well as a myopic view by some Chinese researchers, who apply their demographic and highly-involved wine background as a lens for conducting research. This disconnect leads to research outcomes that do not capture the true heterogeneity of

Peer Review under the responsibility of UniCeSV, University of Florence.

the China wine market. We must develop research that is representative of not just the current consumption market (typically upper middle class and higher income groups with university education), but also representative of where category growth will come from. The attraction of China is reaching the masses so growth can be sustained.

Execution

Conducting research in China is challenging. Lockshin et al. (2017) provide a good overview of some of the methodological challenges of conducting typical Western marketing and sensory research in the China market. The article provides a number of advisable approaches, but also their limitations in measuring consumer preferences. We now share some tactical considerations of how to effectively conduct research in China with a focus on language and sampling.

Language is a real problem. Literal translation of a survey instrument or interview guide is possible, but requires significant financial input to hire a competent translator with both market research and wine experience. There is a very limited pool to recruit from. Fitting the research tool to the market context is the real challenge. This requires clear cultural understanding of both language and its application to wine purchasing and consumption situations and is where partnership with Chinese researchers is necessary. It also means that significant pre-testing of instruments is required to obtain useful data. Surveys must incorporate manipulation and comprehension checks in order to be valid.

Researchers working through panel providers must understand the limits to generalisability of only conducting research with regular imported wine drinkers who are urban internet-users in tier 1 cities such as Shanghai, Beijing and Guangzhou. As distribution and logistics rapidly improve in the interior of China, it is becoming more important to understand how to create demand in less developed cities that still have enormous populations. China has more than 100 cities with populations over 1 million people. There is a need to understand demand and consumer preferences across the country and establish behavioural benchmarks.

According to Teo and Chikli (2016) in a Publicis Media Group Report, only half of China's population has access to the internet and roughly 400 million people have made a purchase via e-commerce. The lens in which we view this data is powerful. 400 million online shoppers is a huge number when you consider that it is larger than the population of the United States or twenty times the size of Australia, but the more important fact is there are a billion people in China who have yet to purchase through this channel. This means there is plenty of fertile ground to conduct research with impact in brick and mortar retail and traditional media channels. In fact, research in these areas may yield more impact as the industry is obsessed with digital and social in China and the trend is to ignore the more conventional opportunities.

If you are preparing to conduct research in China, you must understand that China is arguably one of the most expensive places to do good research. For academic teams lacking research budgets, the logical alternative has always been the use of student samples or convenience samples obtained

through the use of students to conduct the intercepts or snowball techniques using digital media. The issue of generalisability is even more an issue using these approaches to data acquisition. Chinese universities have always been great collaborators. Some of these researchers are WSET trained and are wine educators. This is challenging not just because there is a restricted scope to the findings, but also their myopic Western-centric views can bias the research at different stages.

Conducting research with students and/or employees of universities does not generalise to the real world. This is not just a China problem, but a global problem. Research conducted by Mueller et al. (2008) using respondents recruited from the Waite Agricultural Precinct in Adelaide, Australia and an equal number of randomly selected consumers recruited by a panel provider, showed major differences between the groups in wine preference and response to survey questions. Using students studying wine appreciation courses or those embarking on agricultural sciences degrees not only has demographic implications by skewing the sample to the young and upper-middle class, but it also skews towards highly involved wine drinkers. These are not typical consumers, either in preferences, or the way they answer surveys in China and elsewhere. We should not make generalisations based on these findings.

This bias also carries through when convenience sampling is executed through university students who travel back to their home towns during mid-autumn and spring festivals. However, more attention could be given to improving and cross checking the results from this approach as it does have real opportunity to reach potential consumers across less-developed parts of China at a reasonable cost.

Dissemination

Our academic community spreads across the globe. As researchers with an interest in wine, the subjects we explore are varied. Some of us in the wine community test theory in a wine context whilst others focus on managerial problems. All of this research contributes to new knowledge. Regardless of the research problem, we should all aim for impact, which implies not only properly constructed research as discussed above, but also dissemination to the right audiences.

How do we disseminate this knowledge?

Academic journals are important, so that our research community can improve our China research capabilities. To have impact, we have to reach the wine industry and its stakeholders. We are all witness to a growing number of trade seminars being shopped around various wine producing countries. Government agencies, industry and regional bodies generously support these initiatives. The academic community has played an important role in the delivery of seminars at many of these events. We represent an independent voice, who should not just share knowledge, but also put forward thought-provoking questions to the industry.

The engagement opportunities happening within wine producing countries are largely attended by those who will never successfully penetrate the China market and quite possibly any export market, because they don't have the financial capabilities

to do so. We argue that the greatest impact of research outside of China is to work with governmental and industry bodies to help them to understand how to grow their brands in China and identify the brands that have the capability to do so.

A mainly untapped opportunity lies with engaging wine brands inside China. These are the people that have enough knowledge of the market to be able to utilise research to optimise their strategies.

The challenge we have is that the wine industry in and exporting to China is not a single entity, but can be broadly categorised in 4 ways:

- **Large brands** trading in China, who have no interest in hearing about wine research. These operate as consumer package good (CPG) companies and want to hear about how to solve route-to-market, media, pricing and e-commerce problems and opportunities. They tend to have or are developing their own distribution networks and have large teams working in market.
- **Medium brands** working with distributors and agents, most likely Chinese, with a foreign brand representative likely the only one in the market.
- **Small brands** who work with a foreign managed distributor who come to the market once or twice per year.
- **Everyone else** in the wine sector, who is enamoured with China and desperately wants to work there, but lacks the expertise or financing to do so.

To reach these disparate groups, the following is advised:

- **Large brands** need direct engagement to have impact. The challenge becomes how do you reach influencers in those companies. Most likely you will require a referral from global brand teams into the China market. These companies are not interested in wine discussions, they are interested in solutions to growth problems. English is a universal language at this corporate level.
- **Medium brands** also need direct engagement. However, this is a challenging category to work in as the distributors and agents will most likely be Chinese. Engagement will likely require dual language capabilities. Here, the key challenge will be convincing the Chinese partner that as a foreigner you know enough about how the wine business is conducted in China to actually add value.
- **Small brands** and the distributors who represent them can be engaged together. This is where most academics will interface with stakeholders in China, probably at trade shows and wine industry conferences. The key challenge here is effective and efficient delivery of insights. When foreign brands are visiting the China market, they are there to make sales. Getting them to forgo potential sales opportunities to attend a seminar or workshop is a real challenge. Try to find shorter rather than longer windows to engage. Focus on building a communication

channel where you can communicate at a more convenient time outside of the main trade show or conference.

As a wine-focused academic with an interest in China, it is quite possible that you might react to this editorial and say it is not my interest or responsibility to engage with or support the industry. May we point out that good research in China costs money. If the wine category does not grow in China and brands don't increase their earnings, it will be challenging to gain private or public sector support to continue researching this fascinating market with enormous potential.

In order to conduct research with impact in China, we all must remember the following:

- Understand and apply evidence-based principles of brand and category growth in our research design.
- Utilise research methods that are 'fit for purpose' for China.
- Execute with the correct sampling frame and don't rely on convenience sampling and student pools.
- Have effective engagement strategies for small, medium and large brands in China.

Conflict of Interest

None.

References

- Lockshin, L., Corsi, A., 2012. Consumer behaviour for wine 2.0: a review since 2003 and future directions. *Wine Econ. Policy* 1, 2–23.
- Lockshin, L., Corsi, A.M., Cohen, J., Lee, R., Williamson, P., 2017. West versus East: measuring the development of Chinese wine preferences. *Food Qual. Prefer.* 57, 256–265 (No. March).
- Mueller, S., Francis, L. and Lockshin, L., 2008. The relationship between wine liking, subjective and objective wine knowledge: does it matter who is in your 'consumer' sample? In: *Proceedings of the 4th International Conference of the Academy of Wine Business Research*, Siena, Italy, July 17–19.
- Romaniuk, J., Sharp, B., 2016. *How Brands Grow: Part 2*. Oxford University Press, Melbourne.
- Sharp, B., 2010. *How Brands Grow*. Oxford University Press, Melbourne.
- Sharp, B., Cohen, J. and Lockshin, L., 2011. How do fine wine brands grow? Everything you were taught about wine marketing is wrong. In: *Proceedings of the 6th International Conference of the Academy of Wine Business Research*, Bordeaux, France, June 9–11.
- Teo, B., Chikli, M., 2016. *China Media Scene: 2015 Full Year*. Publicis Group, Shanghai, China.

Justin Cohen, Larry Lockshin*

School of Marketing, Ehrenberg-Bass Institute for Marketing Science, University of South Australia, Australia

E-mail address: Larry.Lockshin@marketingscience.info (L. Lockshin)

9 November 2017; accepted 13 November 2017

*Corresponding author.