

## Western Spirits - China - September 2016

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“China’s Western spirits market is under pressure and reflects how the anti-extravagance campaign has affected the luxury sector. Market recovery has been seen and future growth can be projected based on current forecasts and trends, such as premiumisation in the non-business sector and positive consumer indicators.”  
– Lei Li, Research Analyst

### This report looks at the following areas:

- How to position Western spirits under anti-extravagance
- How to target women drinkers creatively
- How to effectively use online channels to promote Western spirits

While the bulk of the market is represented by leading market players, they still need to earn consumer trust and confidence, by educating and providing sufficient brand and product knowledge via marketing, diversifying occasions and channels to grasp sales, and improving positive attitudes, and so on. There is scope for growth of Western spirits in China, and increasingly sophisticated Chinese consumers mean that there is market space for innovation and experimentation.

Domestic demand for Western spirits has been hugely affected by anti-extravagance measures, but the current market has shown signs of recovery and the future market is expected to see slight growth. The Western spirits market is a concentrated market in China, undoubtedly posing threats to smaller and new players, and also challenging already established players to maintain brand reputation and enhance consumer loyalty. The better product quality and Western influences are the most important factors for consumers in influencing their decision to select Western spirits, while a lack of knowledge and cultural factors are barriers to consumption. Companies and brands need more comprehensive strategies to target drinking behaviour and occasions, purchase channels, and consumer attitudes, in order to increase domestic demand.

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### The Market – What You Need to Know

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Increased consumer expenditure encourages volume consumption

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