

As China craves more wine, this distributor is forgoing brick-and-mortar

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Selling wine online in China Friday, 28 Apr 2017

Today, wine accounts for just 4 percent of all alcohol consumed in [China](#), but that's increasing at a rapid rate. And as those new consumers look to purchase bottles, many are turning to the internet.

[Dawine](#), an Australian wine distribution company focused on China markets, is hoping to capitalize on that phenomenon.

"Our key focus has definitely been an online portal and the beauty of selling wine online is that you have national distribution — you're not set to a province or a certain city," Piers Lewis, Dawine's executive chairman, told CNBC's "Street Signs" on Friday, explaining that he's not totally against permanent or temporary brick-and-mortar setups.

According to the International Wine & Spirit Research organization, China is to set overtake Britain and France to become the second largest wine consumer by 2020. Part of this trend is because Chinese consumers are switching from beer and traditional favorite baijiu.

The growth potential for the wine market in China does not stop at online distribution. With the China-Australia Free Trade agreement now about two years old, Lewis said prices of Australian wines will soon be cheaper in China.

"When that chapter is completely in place, you'll actually probably be able to buy Australian wine in China cheaper than you can in Australia," he said, pointing to Oz's wet tax.

In general, the pricing climate for foreign wine in China is looking up, he said.

"Australia, Chile and some other countries have this free trade agreement, and to wine, we'll be able to bring very good foreign wine from these countries at competitive prices for the Chinese public," Lewis added. "So it's an exciting time for China, and we think that the foreign wine market will be very strong here," Lewis said.

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