ITA ITALIAN TRADE AGENCY

China Imported Wine Market Analysis - main distribution players:

- Supermarkets
- Wine stores
- Importers
- Trade Fairs

Value Partners Management Consulting
May, 2017

Supermarkets

Supermarkets: Lists

- **Liaoning:** BHG (北京华联）
- **Heilongjiang:** RT-MART（大润发）, Carrefour, Metro, Walmart

- **Beijing**: BHG（北京华联）, Walmart

- **Fujian:** Tianhong（天虹）, NHD-MART (新华都)
- **Shanghai:** Hualian（上海华联）, Carrefour, Walmart,

- **Guangdong:** Vanguard, Walmart, Tianhong, Xinyijia（新一佳）

- **Yunnan:** Walmart

Supermarket assessment

	Coverage	SKU of Wine	Brand Awareness
BHG 精品超市 Market Place	■■■■□	■■■■□	■■■■□
大润发 RT-Mart	■■■■■	■■■□□	■■□□□
Carrefour 家乐福	■■■■■	■□□□□	■■■□□
METRO 麦德龍	■■■□□	■■■■■	■■□□□
Walmart 中国	■■■■■	■■■□□	■■□□□
RAINBOW 天虹	■■□□□	■■□□□	■■■□□
新华都购物广场 NEW HUA DU SUPERCENTER	■□□□□	■■□□□	■□□□□
上海华联超市 HL-MARKET	■■□□□	■■■□□	■■□□□
华润万家 vanguard	■■■□□	■■■■□	■■■■□
新一佳 A.Best	■■■□□	■■□□□	■□□□□

1. **BHG 12pts**
2. **Vanguard 11pts**
3. **Metro 11pts**
4. RT-MART 10pts
5. Walmart 10pts
6. Carrefour 9pts
7. HL-MART 7pts
8. Tianhong 7pts
9. A.Best 6pts
10. NHD-MART 4pts

Source: Value Partners analysis

BHG （北京华联）: Ideal partner in North, especially Beijing

Established in	• 1996
Geographic focus	• 20 provinces/cities (mainly in North China)
No. of stores	• 180 (as of 2015)
Revenue of 2016	• ~16B
Imported Wine Sales of 2016	• ~150M
Italian Wine sales of 2016	• ~30M
Top Italian Wine Brands	• I Need Moscato, Promisee
Average Price of Italian Wines	• ~120

Strength

- Recognized as premium brand, especially in Beijing
- Has separate shop-in-shop, exclusively for wines

Weakness

- Relatively limited presence in certain regions such as South China

Contact Information

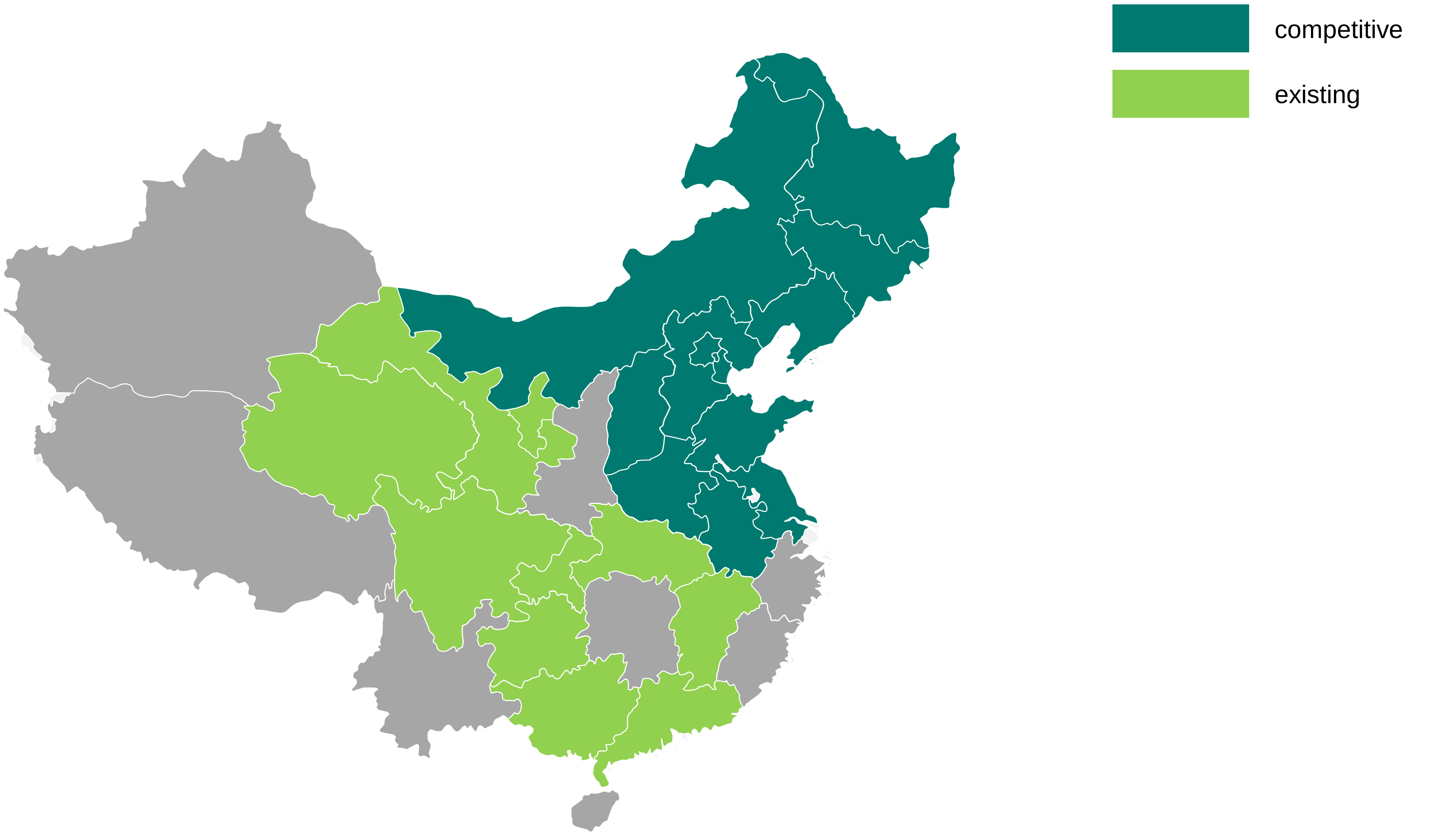
BHG Beijing HQ: 010-68341188

Refused to provide contact information of key person

http://www.beijing-hualian.com/

Source: Market research, Value Partners analysis

BHG mainly operates in North China, although it has a national coverage



Vanguard: Ideal partner in South such as Shenzhen, Guangzhou, etc.

Established in	• 1984
Geographic focus	• ~16 provinces/cities
No. of stores	• 3397 (as of 2015)
Revenue of 2016	• ~109B
Imported Wine Sales of 2016	• ~145M
Italian Wine sales of 2016	• ~7.25M
Top Italian Wine Brands	• Duchessa Lia Moscato, Lambrusco
Average Price of Italian Wines	• ~110

Strength

- Largest retail business in China, with largest number of stores
- State-owned background
- Great reputation thanks to sub-brands (such as OLE)

Weakness

- % of wine sales is relatively low

Contact Information

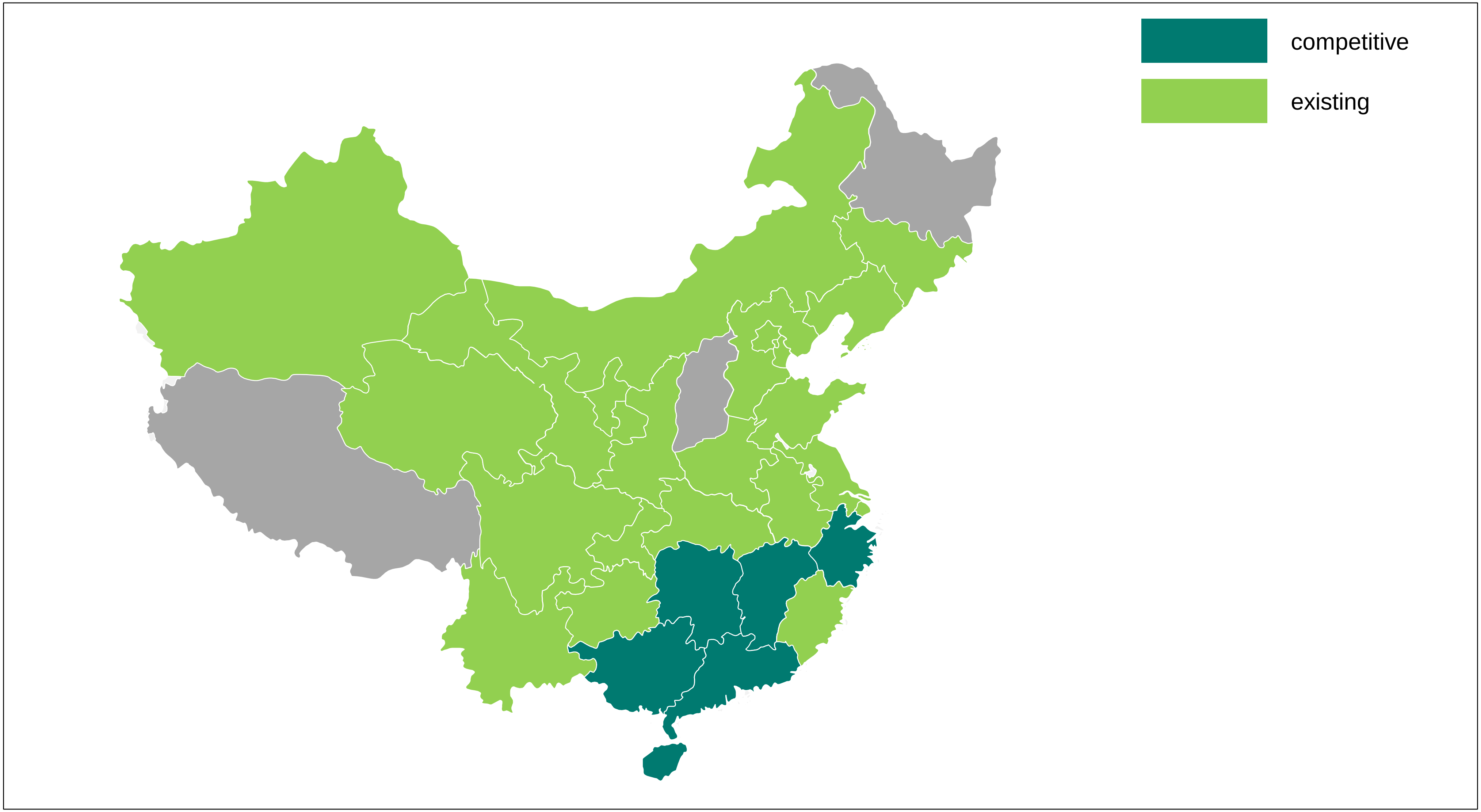
Vanguard Shenzhen HQ: 0755-25685002

Mr. Ma: 18925093669 (Director of Vanguard Guangzhou)

http://www.crv.com.cn

Source: Market research, Value Partners analysis

Vanguard mainly operates in South China, although it has the widest national coverage



Metro

Established in	• 1995 (partnership with Jinjiang Group)
Geographic focus	• 58 cities
No. of stores	• 86 (as of 2015)
Revenue of 2016	• ~19B
Imported Wine Sales of 2016	• ~160M
Italian Wine sales of 2016	• ~12M
Top Italian Wine Brands	• Colline, Predella Chianti, IL Pozzo Barbares
Average Price of Italian Wines	• ~65

Strength

- Seen as imported wine expert
- Customers usually have higher purchasing power

Weakness

- Relatively limited coverage
- Self-owned import channels, not easy to penetrate

Contact Information

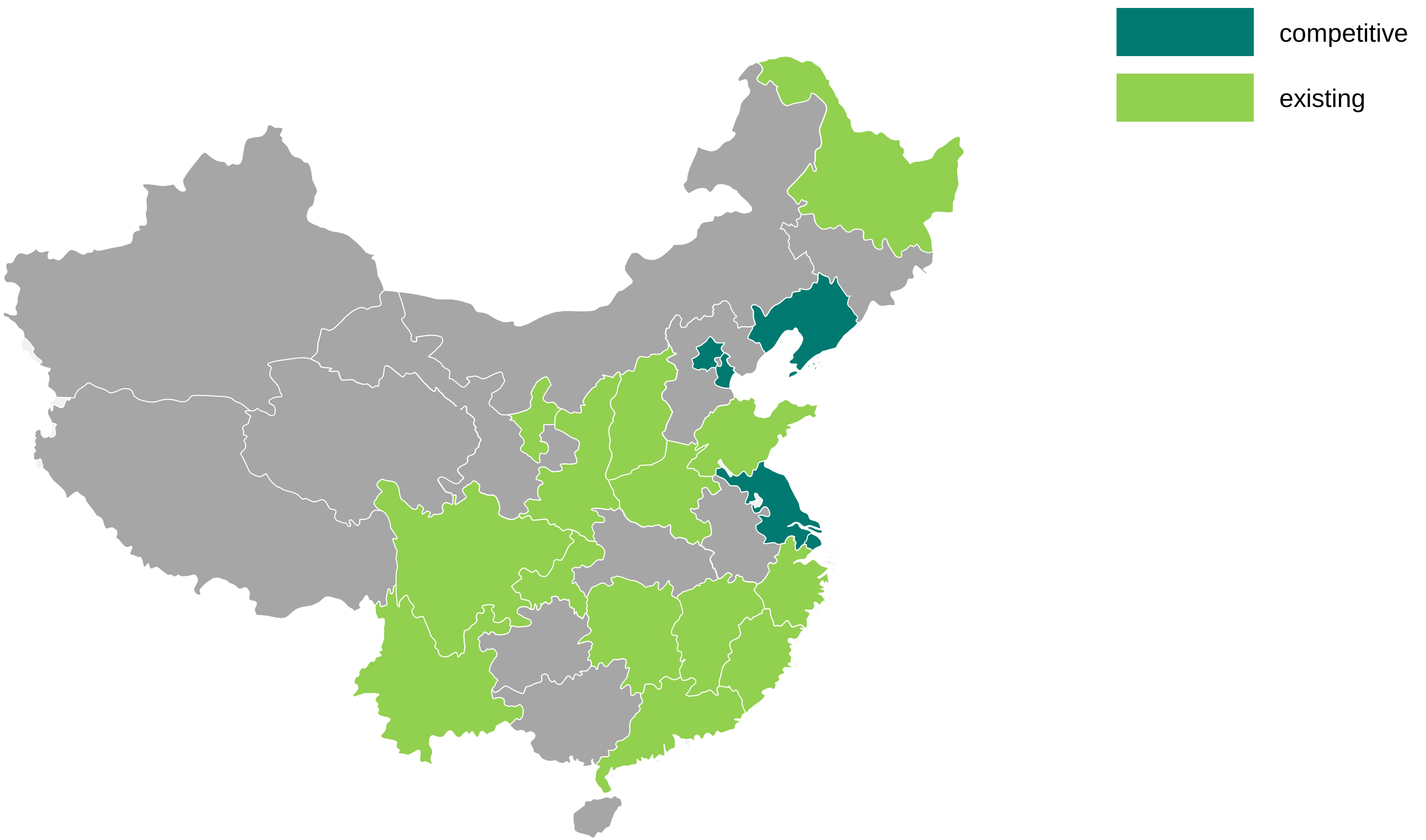
Metro Shanghai HQ: 021-22078888

Ms. Li 13936418486 (Director of Metro Harbin)

http://www.metro.com.cn

Source: Market research, Value Partners analysis

Metro is mainly looking at costal regions in East China



RT-MART（大润发）

Established in	• 1997
Geographic focus	• 23 provinces/cities
No. of stores	• 367 (as of 2017)
Revenue of 2016	• ~89B
Imported Wine Sales of 2016	• ~1B
Italian Wine sales of 2016	• ~25M
Top Italian Wine Brands	• Conte Corsano, Freschello, Settesoli
Average Price of Italian Wines	• ~65

Strength

- Largest retail brand in Mainland China
- Has the widest geographical coverage

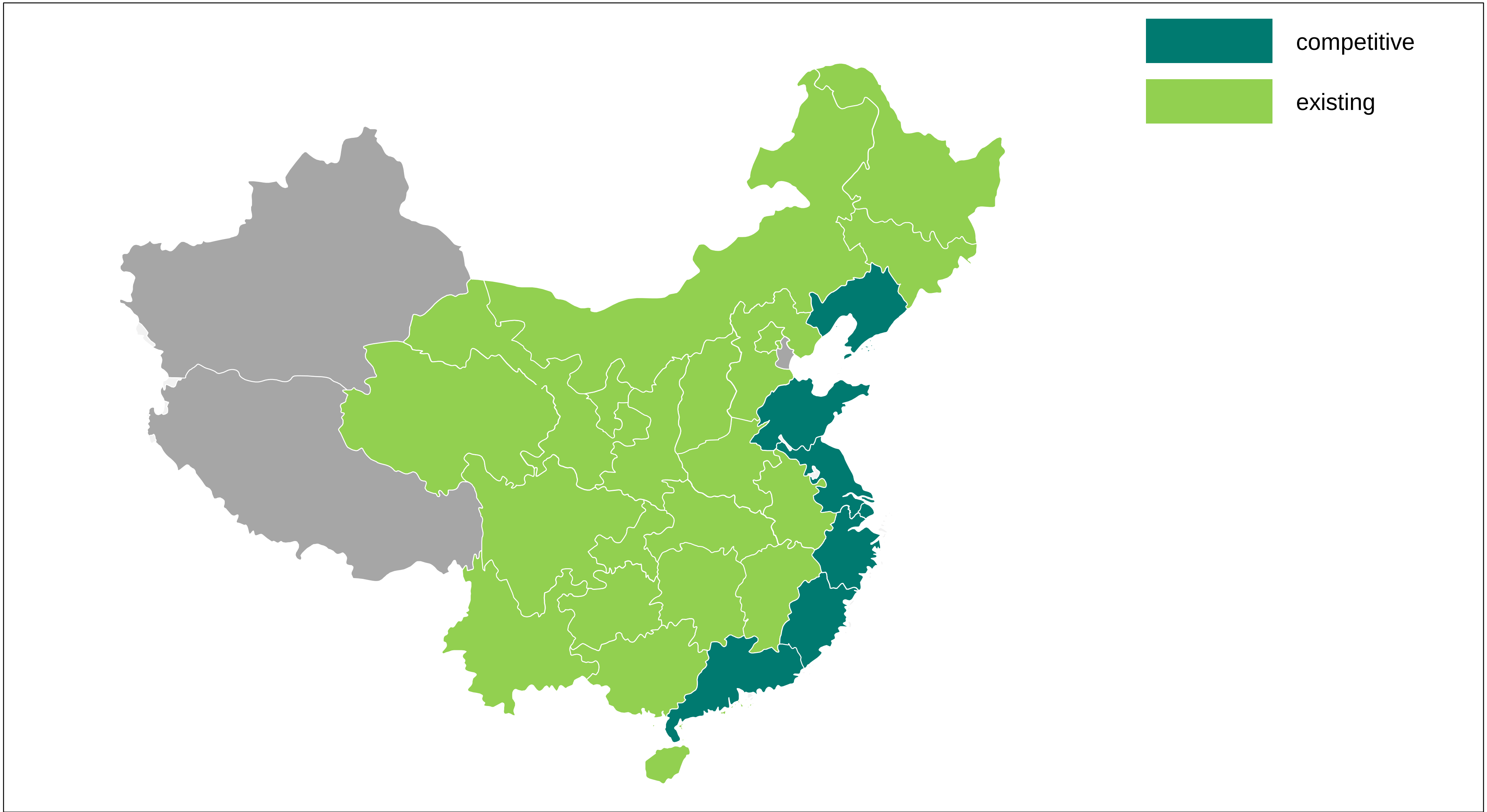
Weakness

- Recognized more as a “medium and cheap” brand
- Customer segment has relatively limited consumption power

http://www.rt-mart.com.cn/

Source: Market research, Value Partners analysis

RT-MART is competitive in costal provinces in China



Carrefour

Established in	• 1996
Geographic focus	• 25 provinces/cities
No. of stores	• 234 (as of 2016)
Revenue of 2016	• ~40B
Imported Wine Sales of 2016	• ~600M
Italian Wine sales of 2016	• ~40M
Top Italian Wine Brands	• Rialto, Martini Asti
Average Price of Italian Wines	• ~98

Strength

- Wide coverage across China
- Long history in wine selling

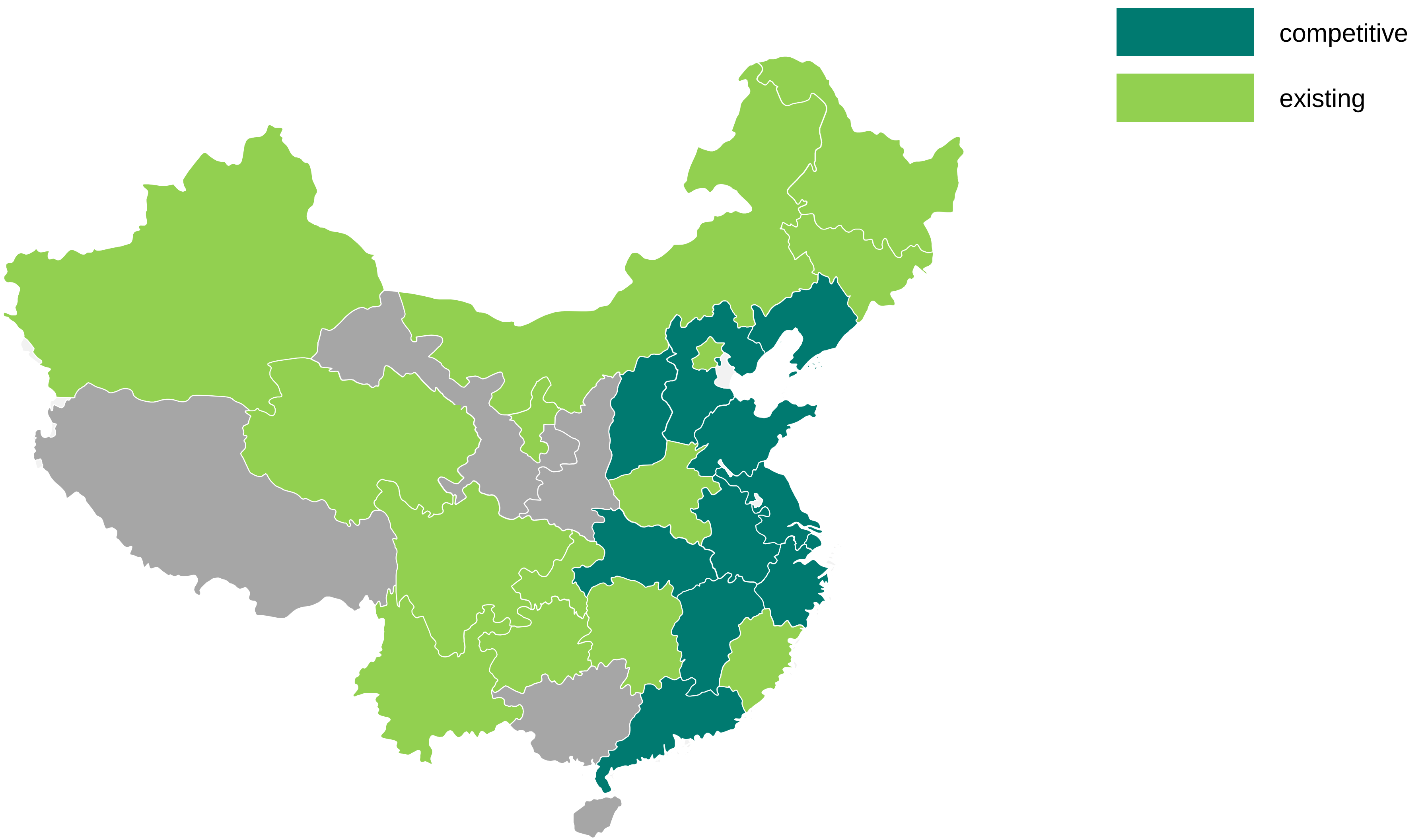
Weakness

- **Re-focus on French wine ONLY, SKU is decreasing**

http://www.carrefour.com.cn

Source: Market research, Value Partners analysis

Carrefour holds a mixed portfolio across China, but its no. of stores is lower as compared to its major counterparts



Walmart

Walmart 中国

Established in	• 1996
Geographic focus	• 22 provinces/cities
No. of stores	• 432 (as of 2015)
Revenue of 2016	• ~74B
Imported Wine Sales of 2016	• ~97M
Italian Wine sales of 2016	• ~5.2M
Top Italian Wine Brands	• Donelli
Average Price of Italian Wines	• ~40

Strength

- Wide coverage across China
- International procurement

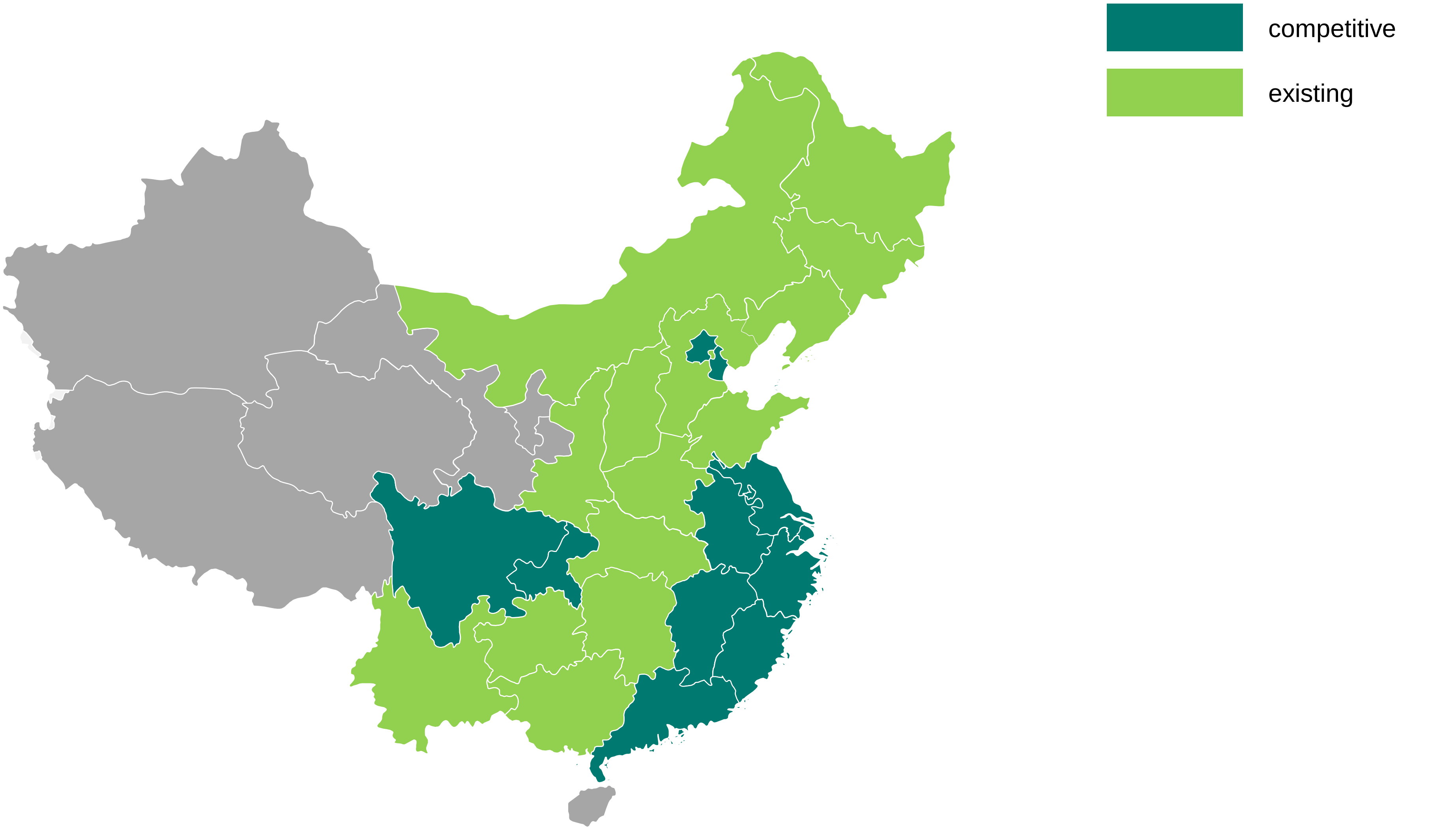
Weakness

- Low-end brand image
- Wine is not a strategic priority

http://www.wal-martchina.com/

Source: Market research, Value Partners analysis

Walmart is competitive only in a couple of provinces



Tianhong (天虹) 2nd ideal partner in South China, such as Shenzhen, Guangzhou, etc.

RAINBOW 天虹

Established in	• 1996
Geographic focus	• 8 provinces/cities (mainly in South China)
No. of stores	• 67 (as of 2016)
Revenue of 2016	• ~24.6B
Imported Wine Sales of 2016	• ~36M
Italian Wine sales of 2016	• ~12M
Top Italian Wine Brands	• Martini Asti, Cinzano, Lambrusco
Average Price of Italian Wines	• ~102

Strength

- Strong presence regionally
- Recognized as medium and premium brand

Weakness

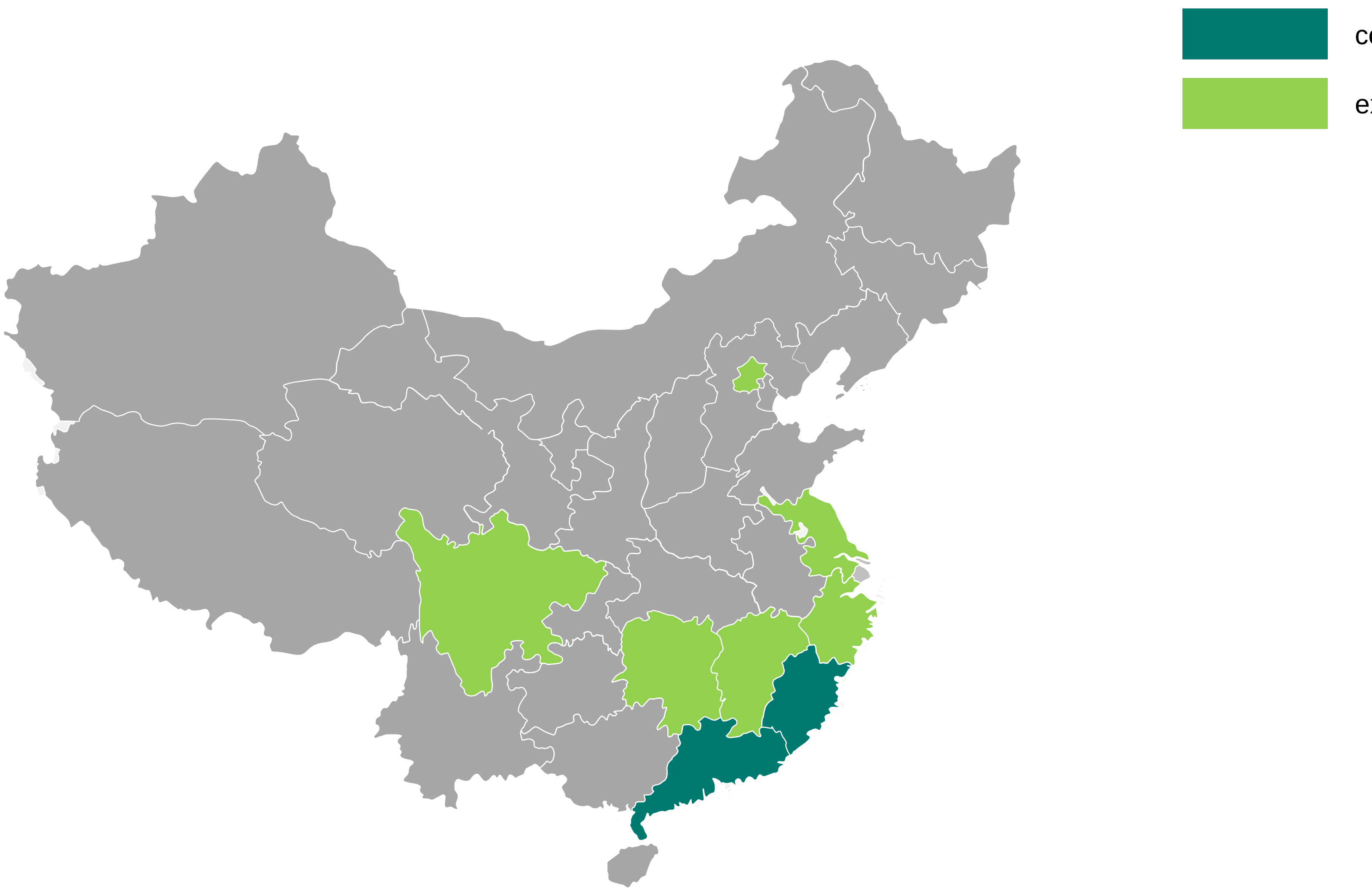
- Not a well-recognized name nationally

http://www.rainbow.cn/

Source: Market research, Value Partners analysis

Tianhong is more of a regional player, with focus in Guangdong area (homebased in Shenzhen)

RAINBOW 天虹



NHD-MART （新华都）

新华都购物广场
NEW HUA DU SUPERCENTER

Established in	• 1997
Geographic focus	• 6 provinces/cities
No. of stores	• 127 (as of 2015)
Revenue of 2016	• ~14.3B
Imported Wine Sales of 2016	• ~15M
Italian Wine sales of 2016	• ~2.6M
Top Italian Wine Brands	• Veneto, Tuscany, Lombardy
Average Price of Italian Wines	• ~120

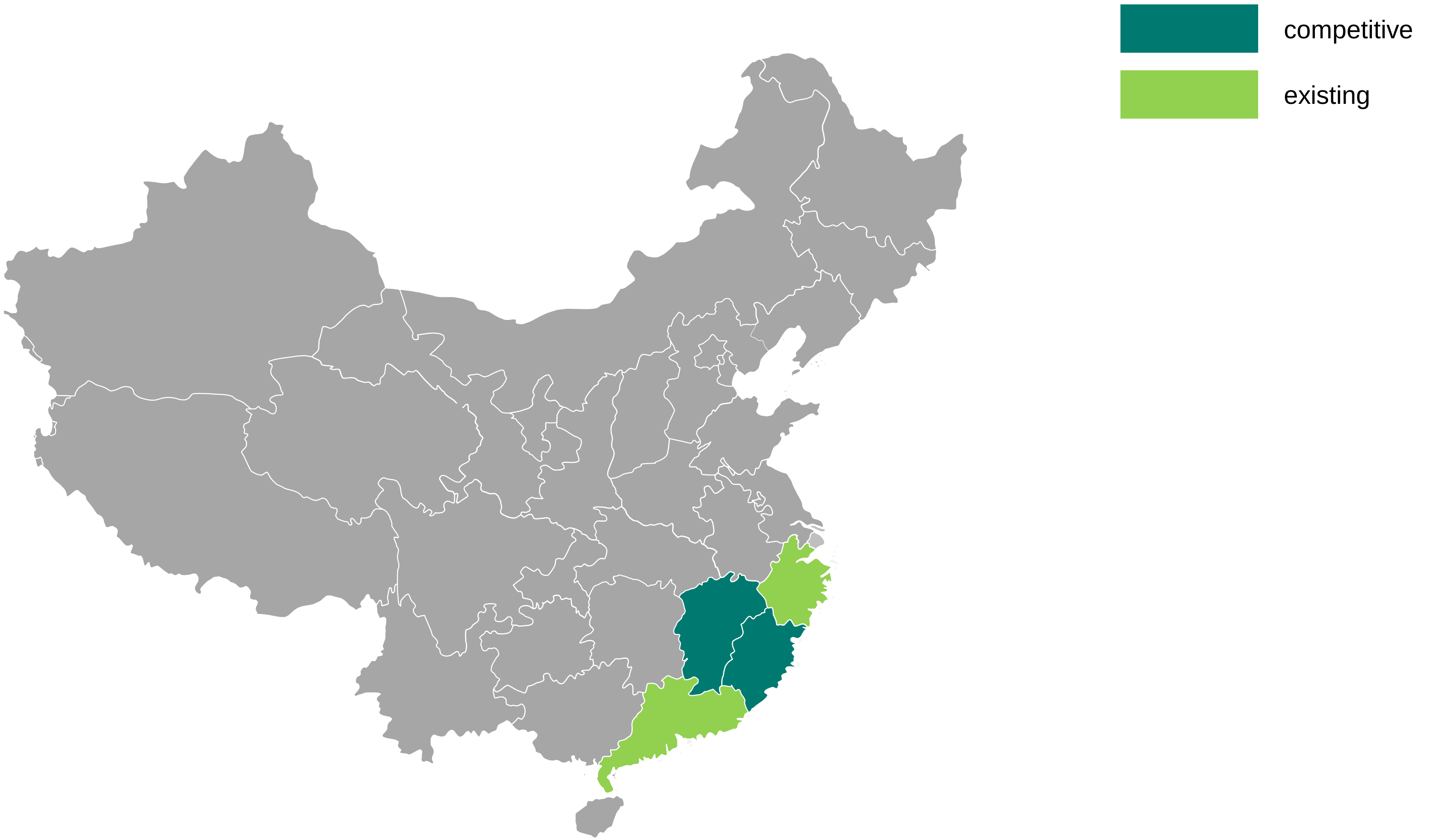
Weakness

- Fujian-focused, lack of national coverage

http://www.nhd-mart.com/

Source: Market research, Value Partners analysis

NHD-MART is a Fujian-focused regional supermarket



LH-MART （上海联华超市）: Merger of Shanghai Hualian and former LH-MART

联华超市

Established in	• 1991
Geographic focus	• 20 provinces/cities
No. of stores	• ~3,500 (including convenience stores after the merger)
Revenue of 2016	• ~25B
Imported Wine Sales of 2016	• ~200M
Italian Wine sales of 2016	• ~5M
Top Italian Wine Brands	• Corbinelli, Monte Rosso
Average Price of Italian Wines	• ~104

Strength

- Well-received brand image especially in East China
- High no. of Italian wine sales

Weakness

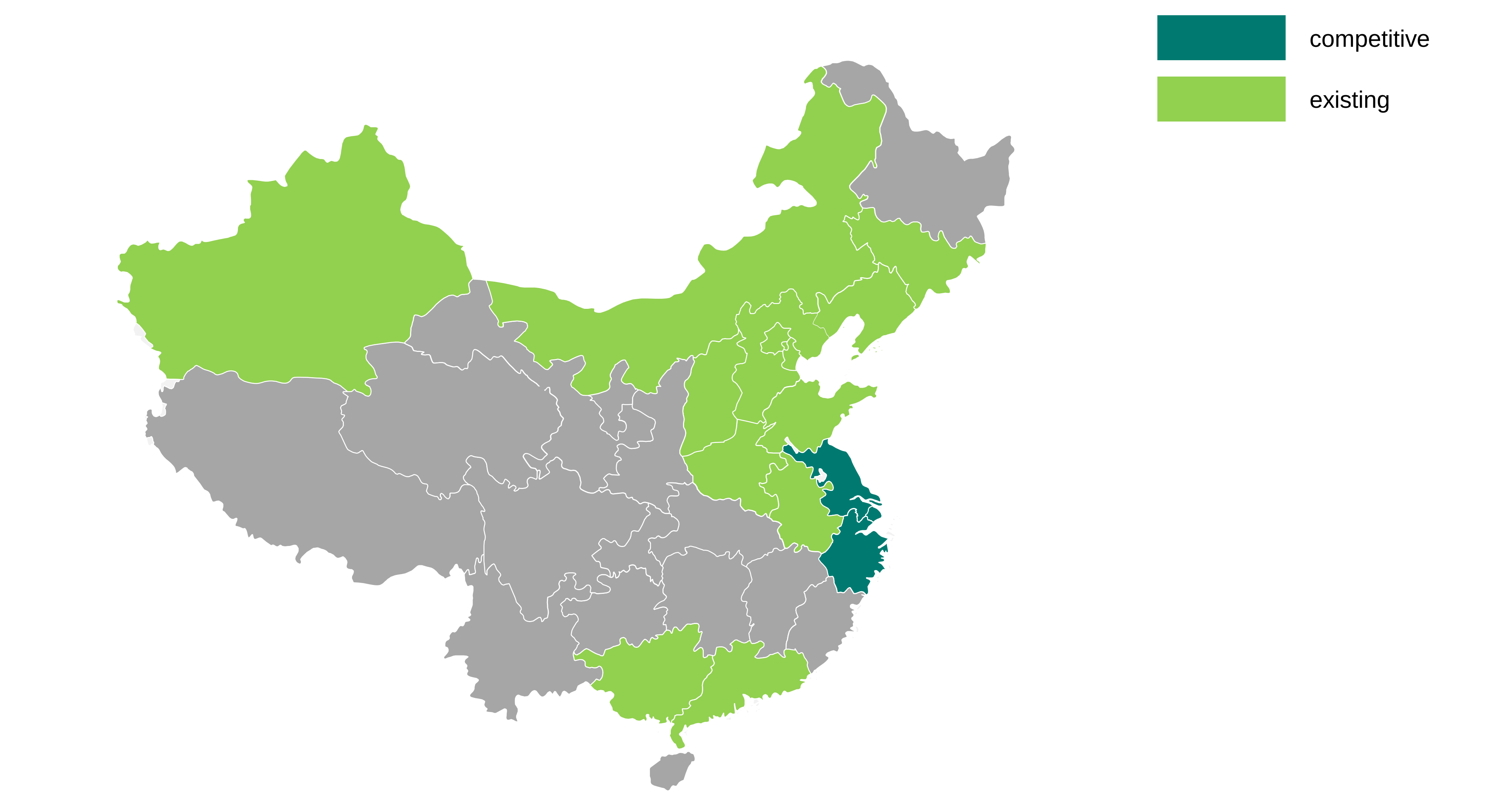
- Relatively limited existence in rest of China

http://www.962828.com/

Source: Market research, Value Partners analysis

LH-MART is strongly focused in Shanghai, but its convenience stores are all over China

联华超市



A.Best Mart (新一佳)：Not recommended

Established in	• 1995
Geographic focus	• 22 provinces/cities
No. of stores	• 102 (as of 2015)
Revenue of 2016	• ~15B
Imported Wine Sales of 2016	• ~10M
Italian Wine sales of 2016	• ~2.5M
Top Italian Wine Brands	• Sasso, Lambrusco, Freschello
Average Price of Italian Wines	• ~100

Weakness

- Not a well-recognized name in retail industry
- Is facing financial crisis

Source: Market research, Value Partners analysis

A. Best Mart is Guangdong (mainly Shenzhen) focused

新一佳 A.Best

competitive

existing

Summary of commercial policies for selected supermarkets

- Given the relatively small amount of sales of Italian wine in China, supermarkets are reluctant to have specific and generous commercial policies.
- Well-designed commercial policies may boost the future sales of Italian wines in China

Summary of commercial policies from interviews

- **BHG:** Regular promotions (3~4 times per year)
- **RT-MART:** No specific commercial policies
- **Metro:** Buy 10/6/5 get 1 for free
- **Walmart:** No specific commercial policies
- **Tianhong:** 25%~30% rebate
- **NHD-MART:** 20%~25% rebate
- **Shanghai Hualian:** Direct procurement, details not disclosed
- **A.Best:** 5% rebate

Source: Market research, Value Partners analysis, expert interview

Best practices of commercial policies in retail channel

- **Price protection:** HQ will set the cost prices of wine as a fixed percentage of the retail prices, to guarantee retailers' expected profit margin
- **Rebate:** The percentage of rebate should be relatively high (~30%) when HQ wants to promote specific brand/s. Then it can be a regular scheme of rebate or no rebate at all, depending on market reaction
- **Promotion:** Quarterly promotion is minimum. It is better to have "Carrefour Wine Festival" kind of promotions from time to time
- **Training & Development:** HQ should send supervisors to mentor & train stores to have better understanding of wine, not only to have a premium brand image, but also to directly boost sales
- **Membership program:** Membership programs is encouraged to attract the high ARPU (average revenue per user) customers, to achieve high revenue despite maybe smaller sales volume

Source: Market research, Value Partners analysis, expert interview

Wine Stores

- Only **nationwide stores** were picked up for analysis
- We considered only those who have **both online and offline capabilities**

Stores assessment

	Coverage	SKU of Wine	Brand Awareness
1919	■■■■■	■■■■□	■■■■□
Vats Liquor Store	■■■■□	■■■■□	■■■■□
Noble Family	■■■■□	■■■□□	■■□□□
Silver Base Group	■■■□□	■■□□□	■■□□□
M1	■■□□□	■■■□□	■■□□□

1. **1919 13pts**
2. **Vats 12pts**
3. **Noble Family 9pts**
4. **Silver Base 7pts**
5. **M1 7pts**

Liquor Easy is not ranked as it's Beijing and Henan focused

Source: Market research, Value Partners analysis

Liquor Easy （酒便利）: Ideal partner in Beijing

Established in	• 2010
Geographic focus	• Beijing and Henan
No. of stores	• 130 as of 2016, ~50 in Beijing
Revenue of 2016	• ~500M
Imported Wine Sales of 2016	• ~25M
Italian Wine sales of 2016	• ~1.9M
Top Italian Wine Brands	• Tenuta Sette Ponti Vigna di Pallino, Janus Rosa & Bianca, Castello D'Albola
Average Price of Italian Wines	• ~305

Strength

- Focus on Beijing market
- Backed by Legend Holding (联想)
- Quick delivery within 20 minutes

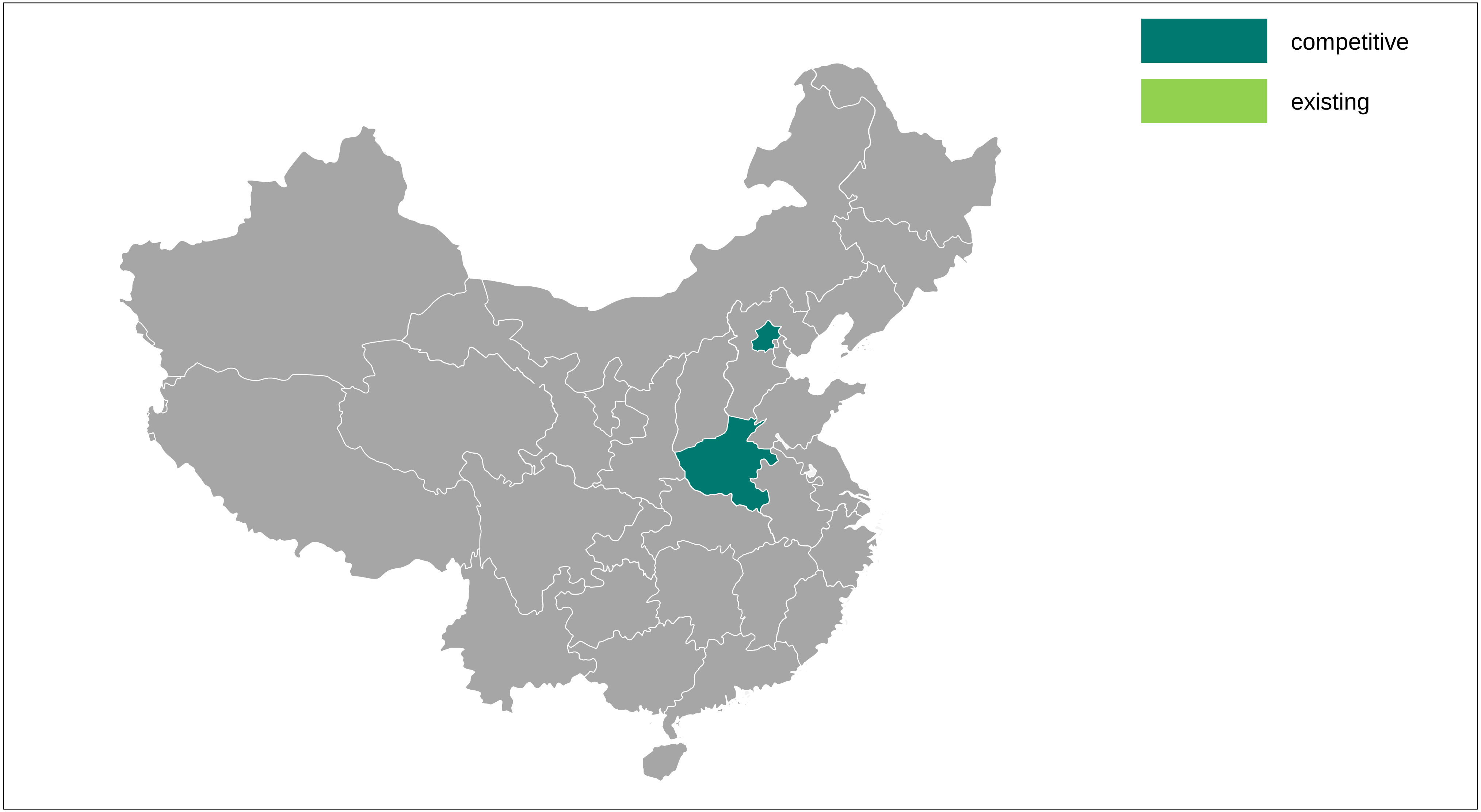
Contact Information

Mr./Ms. Xue Wang: 010-57385821 (CEO of Liquor Easy Beijing Branch)

http://www.9bianli.com/index.html

Source: Market research, Value Partners analysis

Liquor Easy is competitive in Beijing, having over 50 stores all over the city



1919

Established in	• 2010
Geographic focus	• 31 provinces/cities across China
No. of stores	• ~1,000 (as of 2016)
Revenue of 2016	• ~1.5B
Imported Wine Sales of 2016	• ~100M
Italian Wine sales of 2016	• ~5M
Top Italian Wine Brands	• Anterra, Roccastella, Cantina
Average Price of Italian Wines	• ~106

Strength

- Largest no. of offline stores
- Very strong e-commerce capabilities
- Very aggressive expansion plan

Contact Information

Mr. Huang: 18117880375 (Manager of Portfolio Management)

Source: Market research, Value Partners analysis

Vats Liquor Store (华致酒行)

Established in	• 200
Geographic focus	• 20 provinces/cities
No. of stores	• ~300 (as of 2016)
Revenue of 2016	• ~1B
Imported Wine Sales of 2016	• ~30M
Italian Wine sales of 2016	• ~1.8M
Top Italian Wine Brands	• Vila Jolanda
Average Price of Italian Wines	• ~160

Strength

- Industry veteran with rich operation experiences
- Self-owned logistic system (storage, transportation, etc.)

Weakness

- Major revenue comes from sales of white wine, imported wine is not a strategic priority

Contact Information

Vats Beijing HQ: 010-59699888

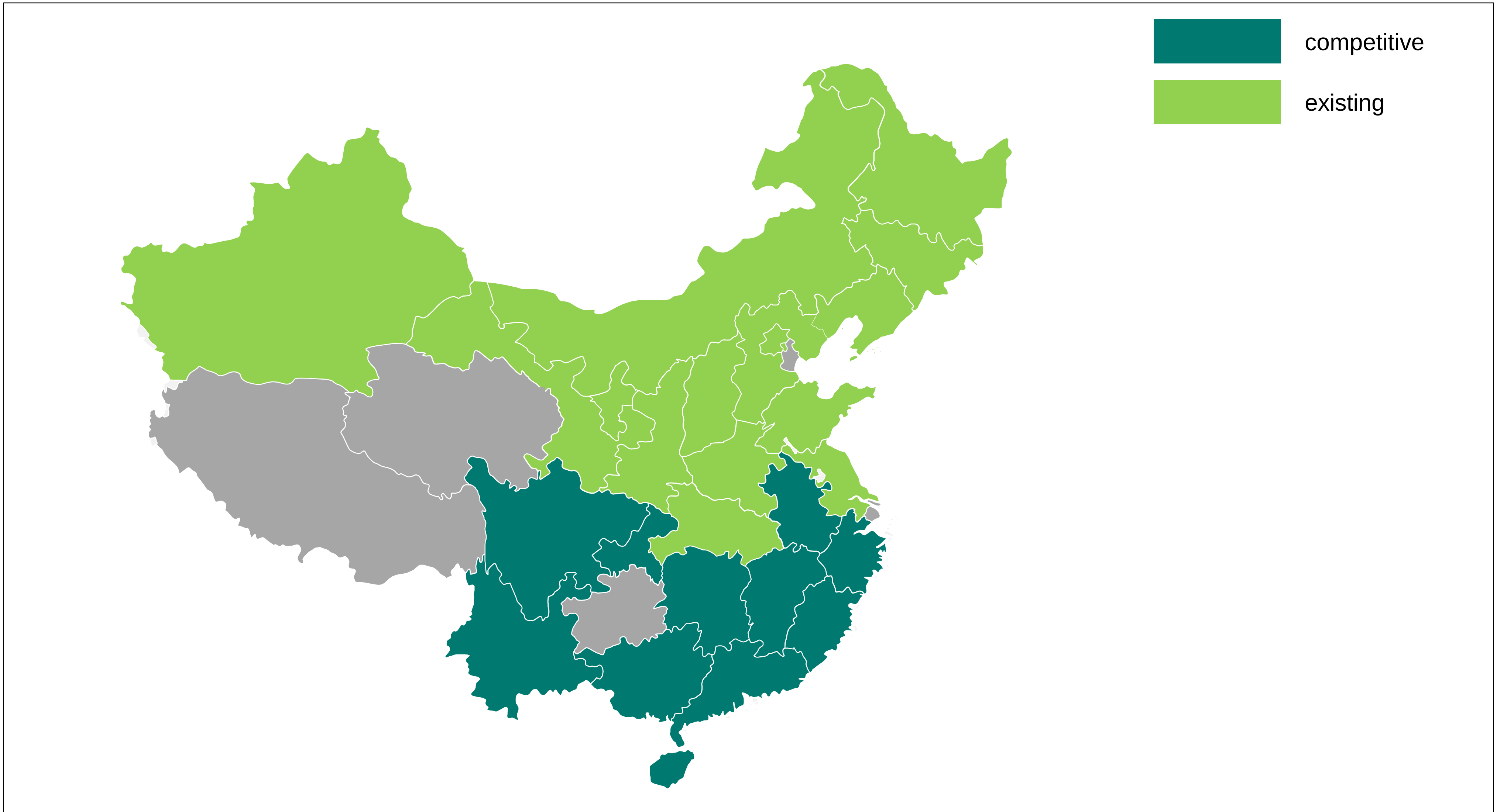
Refused to provide contact information of key person

http://www.vatsliquor.com/index.aspx

VALUE PARTNERS

Source: Market research, Value Partners analysis

With HQ in Yunnan, Vats Liquor Store is strong in South China and can be considered as one of the ideal partners in Guangzhou



Noble Family (名品世家)

Established in	• 2008
Geographic focus	• 27 provinces/cities
No. of stores	• ~600 (as of 2016)
Revenue of 2016	• ~500M
Imported Wine Sales of 2016	• ~50M
Italian Wine sales of 2016	• ~2M
Top Italian Wine Brands	• Amarone, Brunello di Montalcino, Valpolicella
Average Price of Italian Wines	• ~N/A

Strength

- Largest percentage of wine sales (~40%, including both domestic and imported wine sales), experienced

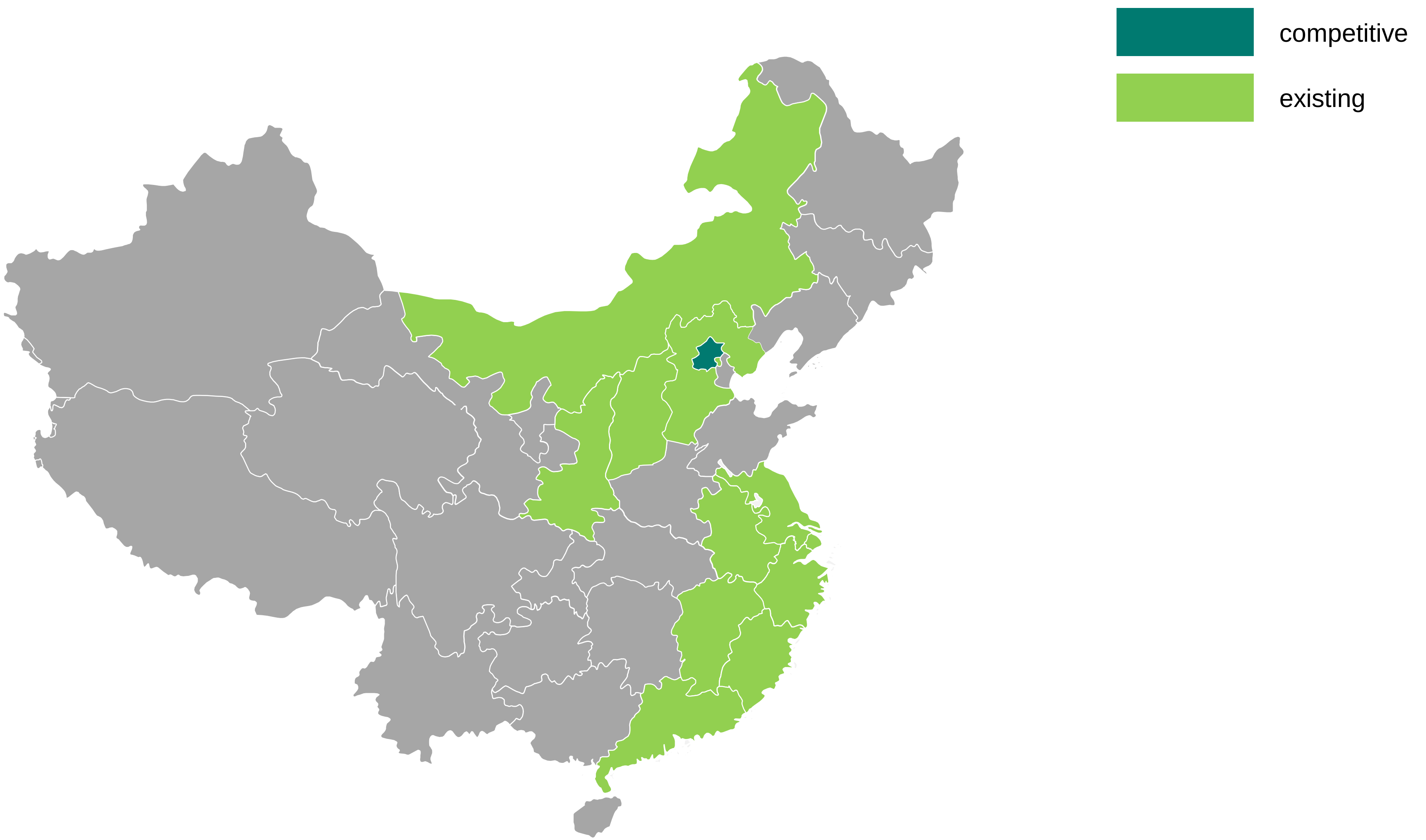
Weakness

- Company is trying to lower the percentage of both baijiu and wine sales

http://www.mpsj99.com/main.asp

Source: Market research, Value Partners analysis

Noble Family is less competitive across China



Silver Base Group (银基集团)

Established in	• 2007
Geographic focus	• 20 provinces/cities
No. of stores	• 250 (as of 2016)
Revenue of 2016	• ~1.3B
Imported Wine Sales of 2016	• ~25M
Italian Wine sales of 2016	• ~1M
Top Italian Wine Brands	• Chianti
Average Price of Italian Wines	• ~600

Strength

- Premium brand
- HK-listed, with strong financial support

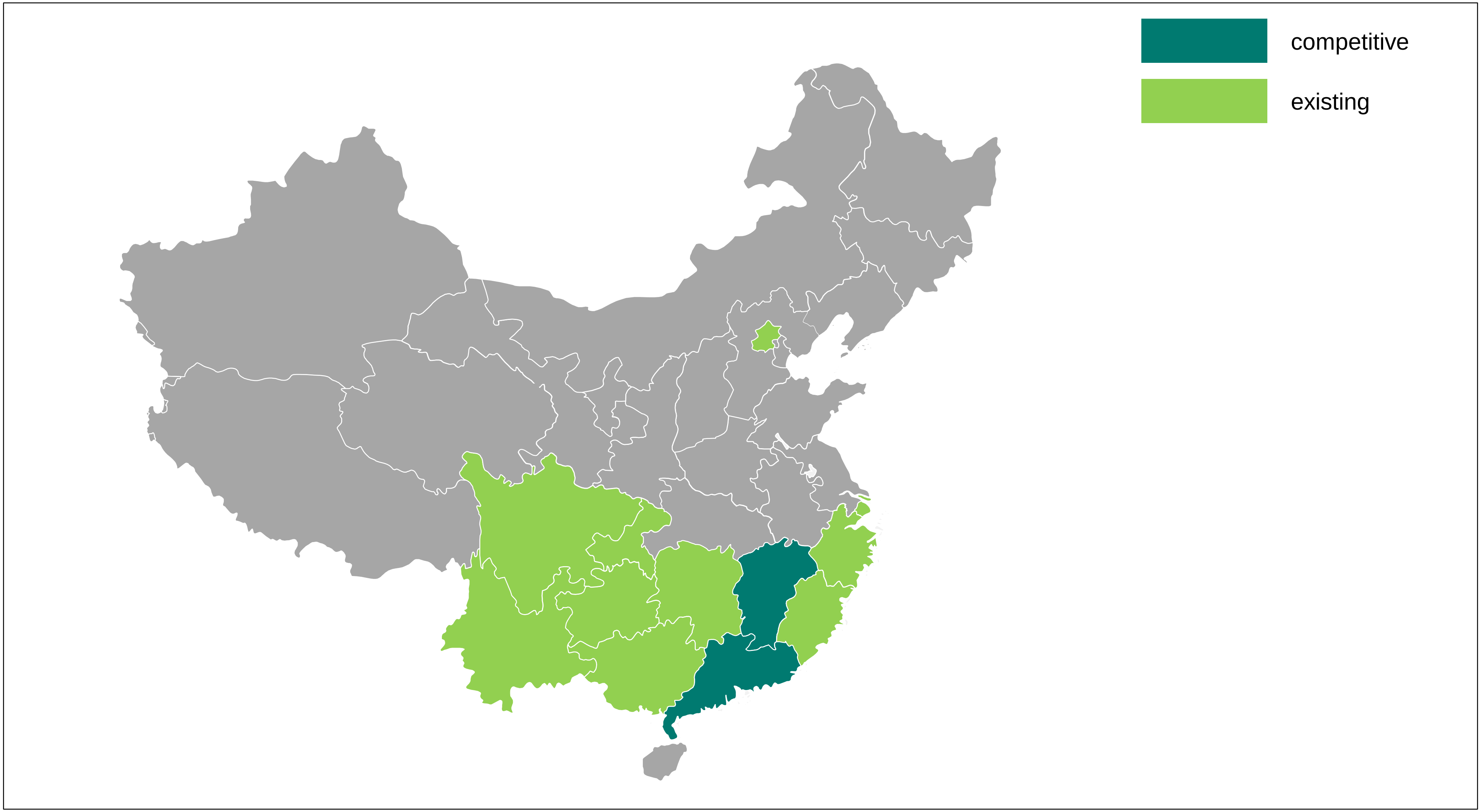
Weakness

- No self-owned logistic system in cities, 100% rely on partnership with local companies

http://www.silverbase.com.cn

Source: Market research, Value Partners analysis

SBG has 4 regional HQs: Beijing, Shanghai, Shenzhen and Hong Kong



M1(维维茗酒坊)

Established in	• 2008
Geographic focus	• 8 provinces/cities
No. of stores	• ~200 (as of 2016)
Revenue of 2016	• ~100M
Imported Wine Sales of 2016	• ~16M
Italian Wine sales of 2016	• ~1.2M
Top Italian Wine Brands	• Monnalisa Chianti, Monnalisa Sangiovese
Average Price of Italian Wines	• ~195

Strength

- Mother company Vivi group is one of the leading companies in food & beverage industry, has decent brand recognition and established distribution network

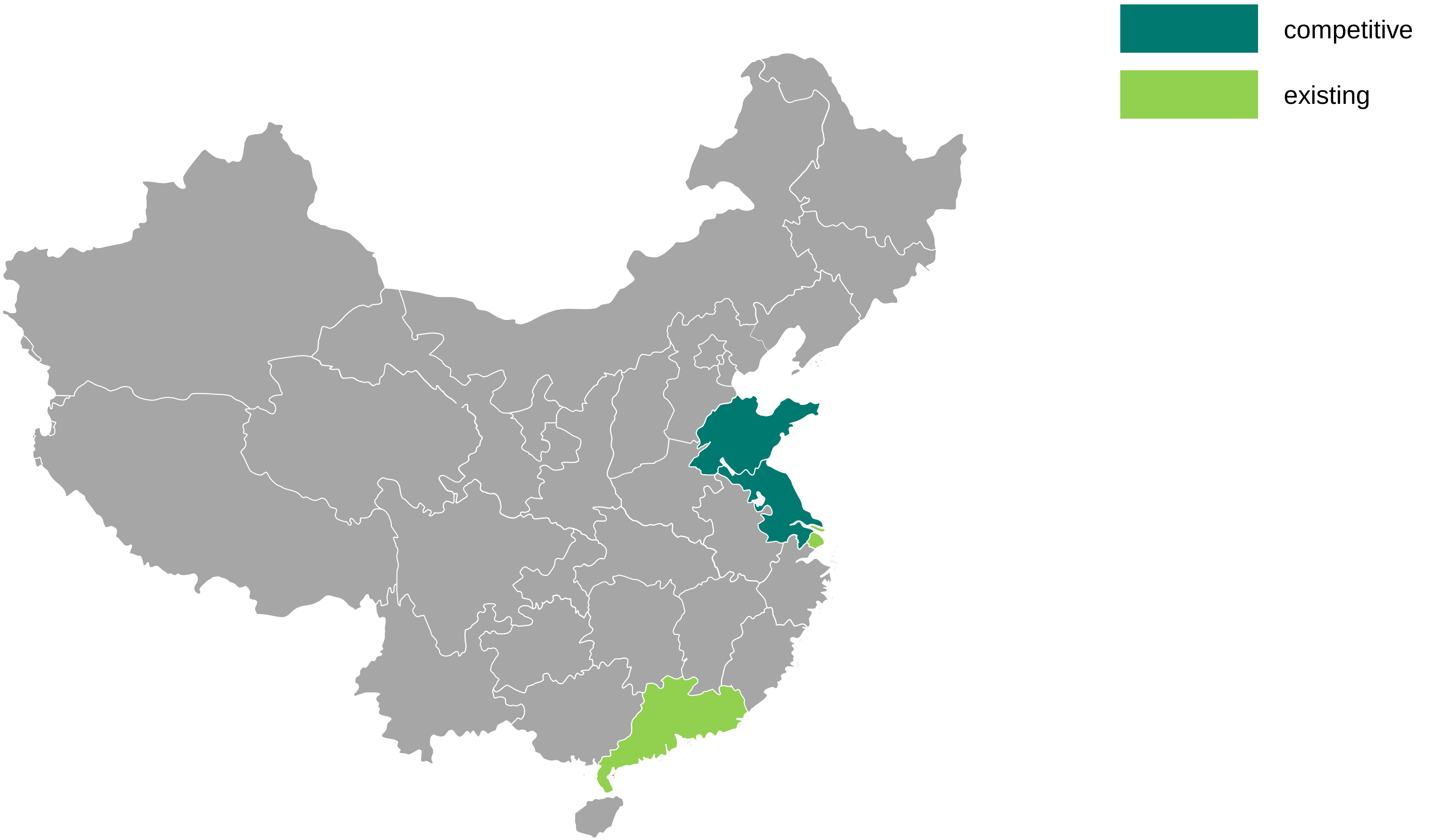
Weakness

- Relatively new in the industry
- Diverse product portfolio, wine is not the top strategic priority

http://www.m1mjf.com/

Source: Market research, Value Partners analysis

M1 is a relatively small player with regional focus in East China



Importers

- Top wine retailers in China have their **own oversea channels**, and normally purchase through **logistic & custom brokers**
- A very large amount of **small & medium importers** are in business, but most of them are just **regional** players with limited influence on the market
- Only **a few pure & influential importers** exist in the industry
- Importers are normally reluctant to reveal operation data and contact information

ASC (圣皮尔精品酒业) : Not recommended due to its tight control over procurement and existing relationship with Italian brands

Background	• Largest wine import company in China, invested by the Swarovski family. Sole distributor of over 50 world-famous brands. 021-64453214
Geographic focus	• National
Contact Info	• http://www.asc-wines.com/
Revenue of 2016	• ~1B
Imported Wine Sales of 2016	• ~900M
Italian Wine sales of 2016	• ~40M
Top Italian Wine Brands	• Gaja, Masi, Michele Chiarlo
Average Price of Italian Wines	• ~120

Source: Market research, Value Partners analysis

COFCO Wine

Background	• Largest state-owned agriculture enterprise, full value-chain operation. Owns vineyards in Europe
Geographic focus	• National
Contact Info	• http://www.mzhwines.com/
Revenue of 2016	• ~400M
Imported Wine Sales of 2016	• ~220M
Italian Wine sales of 2016	• ~1.2M
Top Italian Wine Brands	• Antinori, JOYT, La Gondola
Average Price of Italian Wines	• N/A

Source: Market research, Value Partners analysis

FSA（上海菲利斯）

Background	• Wine production & wine import (limited public information)
Geographic focus	• Mainly Shanghai, Jiangsu, Zhejiang and other neighborhood provinces
Contact Info	• Mr. Hou Ming, 13816328276
Revenue of 2016	• ~35M
Imported Wine Sales of 2016	• ~24M
Italian Wine sales of 2016	• ~1.8M
Top Italian Wine Brands	• Magnifico Rosso Fcoco, Gran Passione Rosso, Barocco Prosecco
Average Price of Italian Wines	• ~31

Source: Market research, Value Partners analysis

CND Wine (建发酒业）

Background	• Started from selling Wuliangye. Invested by CND group, a China Top 500 company which has great influences in Fujian region
Geographic focus	• National
Contact Info	• Mr. Chen Jianguo, 0592-2036111. http://www.cndwine.com/home/index.aspx
Revenue of 2016	• ~54M
Imported Wine Sales of 2016	• ~26M
Italian Wine sales of 2016	• ~1M
Top Italian Wine Brands	• Bella Tavola, Gancia, Bolla
Average Price of Italian Wines	• ~73

Source: Market research, Value Partners analysis

ZJ Wine (中江酒业)

Background	• State-owned background. Its mother company ZJ Group has trade operations in over 100 countries
Geographic focus	• National
Contact Info	• Ms. Wang Yan, 025-84792057
Revenue of 2016	• ~70M
Imported Wine Sales of 2016	• ~1.5M
Italian Wine sales of 2016	• ~1.3M
Top Italian Wine Brands	• Zonin
Average Price of Italian Wines	• 150

Source: Market research, Value Partners analysis

Winemt (广州酩红贸易有限公司）

Background	• Guangzhou-based wine trading company
Geographic focus	• Regional (Guangdong)
Contact Info	• Mr. Tan Kaijie, 13802777293
Revenue of 2016	• ~18M
Imported Wine Sales of 2016	• ~12M
Italian Wine sales of 2016	• ~11M
Top Italian Wine Brands	• Cantine Paolini Fu Nero D'avola, Cantine Paolini Gurgo Frappato Syrah, Caruso Minini Syrah Riserva
Average Price of Italian Wines	• ~150

Source: Market research, Value Partners analysis

Quanshun Yimao (广州市全舜意贸易发展有限公司）

Background	• Guangzhou-based wine trading company
Geographic focus	• Regional (Guangdong)
Contact Info	• Mr. He, 13902240489
Revenue of 2016	• N/A
Imported Wine Sales of 2016	• ~1.5M
Italian Wine sales of 2016	• ~1.5M
Top Italian Wine Brands	• Fattori, Tenuta Montemagno, Castello di radda
Average Price of Italian Wines	• ~245

Source: Market research, Value Partners analysis

Cheers (瑞品齐饮) – Information only available in Shanghai

Background	• Foreign company operates in China, boutique kind of stores. Focus now on 1st tier cities
Geographic focus	• National
Contact Info	• N/A
Revenue of 2016	• ~2M
Imported Wine Sales of 2016	• ~1.2M
Italian Wine sales of 2016	• ~240,000
Top Italian Wine Brands	• Pirovano, Valpolicella, Coppiere Chianti Classic
Average Price of Italian Wines	• ~110

Source: Market research, Value Partners analysis

Beijing Huibo Chengxin (北京慧博诚信商贸中心)

Background	• Long-time distributor of COFCO, operates mainly in Beijing and neighbourhood
Geographic focus	• Regional (Beijing)
Contact Info	• Mr. Yang Kunxin, 13501076352
Revenue of 2016	• ~10M
Imported Wine Sales of 2016	• ~9M
Italian Wine sales of 2016	• 0.5 – 1M
Top Italian Wine Brands	• Sassicaia
Average Price of Italian Wines	• 2,000 – 3,000

Source: Market research, Value Partners analysis

Trade Fairs

Trade Fairs: China Food and Drinks Fair (Chengdu)

Physical Dimension	• Time: Twice a year (96th as of 2017) • Physical Size: Over 120,000 sqr meters • No. of purchasers & procurement managers: Over 150,000 • Total turn volume: RMB 20B
Number of Exhibitors by geographic area and type of products	• No.: Over 3,000 • Geography: Northeast 3.59%, North 10.53%，East 53.95%，South 13.84%，Rest of China 9.99%, Overseas 8.10%。 • Product: Wine 50.6%, Food & Beverage 40%, Flavoring 5.6%, Machinery 3.8%
Number of Visitors by geographic areas and interest of products	• No.: Over 200,000 • Geography: Local 10.82%, Rest of China 87.07%, Overseas 2.11% • Products: Wine 55.61%, Food & Beverage 54.75%, Flavoring 19.7%, Machinery 32.05%
Main Distributors & Importers Exhibitors	• 1919, Vats Liquor Store, Silver Base Group

Source: Market research, Value Partners analysis

Trade Fairs: WINEXPO Shanghai

Physical Dimension	• Time: Twice a year (12th as of 2016) • Physical Size: Over 17,000 sqr meters • No. of purchasers & procurement managers: Over 12,000 • Total turn volume: ~RMB 700M
Number of Exhibitors by geographic area and type of products	• No.: Over 1,100 • Geography: Chinese 20%, Overseas 80%。 • Product: Mainly wine
Number of Visitors by geographic areas and interest of products	• No.: Over 400,000 • Geography: Local 39%, Rest of China 34%, Overseas 27%
Main Distributors & Importers Exhibitors	• CND Wine, ASC, 1919

Source: Market research, Value Partners analysis

Trade Fairs: Interwine Guangzhou

Physical Dimension	• Time: Twice a year (18th as of 2017) • Physical size: Over 40,000 sqr meters • No. of purchasers: Over 150,000 • Total turn volume: ~RMB 200M
Number of Exhibitors by geographic area and type of products	• No.: Over 1,000 • Geography: China 69.3%, Overseas 30.7%。 • Product: Mainly wine
Number of Visitors by geographic areas and interest of products	• No.: Over 42,000 • Geography: Local 65.22%, Rest of China 30.28%, Overseas 4.5%
Main Distributors & Importers Exhibitors (who)	• 1919, Vats Liquor Store, ASC

Source: Market research, Value Partners analysis

Trade Fairs: Interwine Beijing (Information missing due to very short interval after the fair)

Physical Dimension	• Time: Once a year (1st as of 2017) • Physical size: Over 13,000 sqr meters • No. of purchasers: Over 150,000 • Total turn volume: N/A
Number of Exhibitors by geographic area and type of products	• No.: Over 600 • Geography: China ~ 75%, Overseas ~25%。 • Product: Mainly wine
Number of Visitors by geographic areas and interest of products	• No.: Over 20,000 • Geography: N/A
Main Distributors & Importers Exhibitors (who)	• N/A

Source: Market research, Value Partners analysis

Suggestions to ITA on promoting Italian wine in China

Scenario 1: Quick win

- Under this scenario, ITA should work with **e-commerce platforms** (full-scale platforms such as Tmall and JD.com, and wine boutique platforms such as 1919, etc.) to achieve wide coverage with minimum investment of money and time. Market reaction is easy to monitor, thus ITA can adjust its promotion strategy promptly
- However, it is not ideal to establish a premium brand image through online channel, due to the “luxurious” nature of wine as a product. It is also not easy to make the brands a permanent memory of consumers due to the frequent update of online information

Scenario 2: Long-fight

- Under this scenario, ITA is supposed to think and act in a longer term. We suggest ITA to **cooperate with supermarkets & stores who have the widest coverage and relatively premium brand images**, and use e-commerce platforms to make up the deficiencies. Through this long-fight, Italian wine will be able to establish a solid market base and climb up on the list
- A huge investment can be expected, considering all the brick-and-mortar penetration, training and promotion costs. Also, it takes time for Italian wine to reach most of the 3rd and 4th tier cities

Given that Italian wine has already been a “latecomer”, commercial policies should be well designed and “aggressive” under both scenarios