



**Flanders**  
State of the Art



# UPDATE BEER MARKET

IN/AROUND SHANGHAI

FLANDERS INVESTMENT & TRADE MARKET SURVEY



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UPDATE BEER MARKET  
IN/AROUND SHANGHAI

06/12

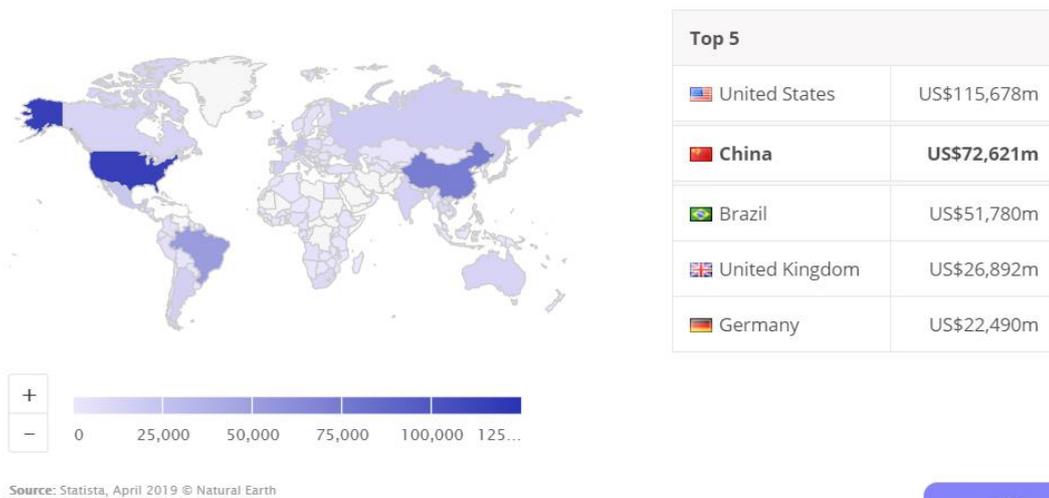
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# 1. LOCAL DEMANDS AND MARKET POTENTIAL

The size of a certain beer market is strongly depended on the number of inhabitants one has. While China is now the biggest beer consuming market, the Chinese don't drink anywhere near the volume of what the Irish or Germans consume.<sup>1</sup> The United States however is the place to be revenue wise. Respectively they have a value of nearly 116 billion USD. In comparison the number two, China has only a value of 72,621 billion USD.

Figure 1: Global beer market – revenue comparison



Info

Regarding the global tendencies of the volume of beer that is being consumed per country some major changes in the last century have taken place.

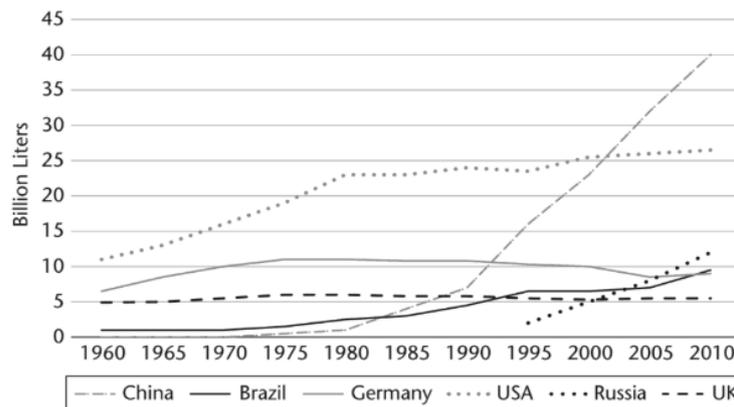


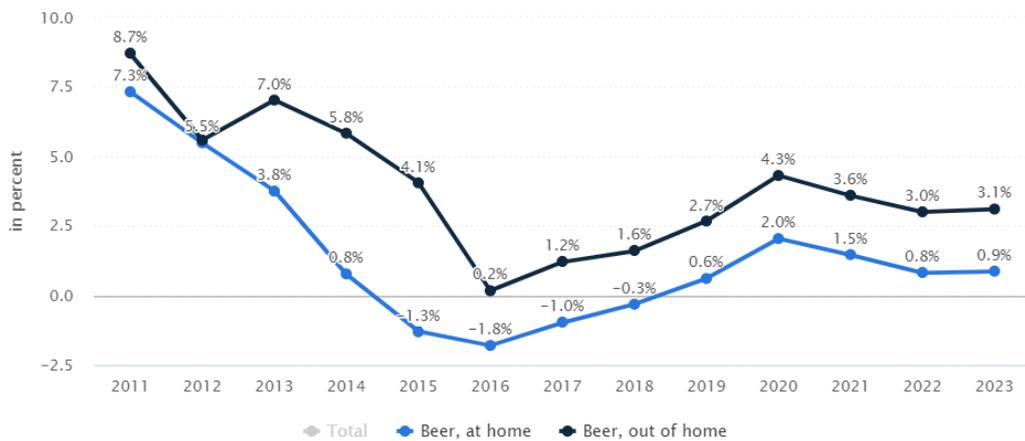
Figure 2 Total beer consumption by country (billion liters), 1960–2010  
FAOstat

<sup>1</sup> Swinnen, J. Beeronomics, 2017



As already mentioned, China overtook the USA as biggest consuming beer country. Some other major changes took place as well. Germany the second spot on the roster for more than thirty years was surpassed by Russia, the current number two, around 2005. Even Brazil took over the third spot some years later. This results in the current top 5 of highest consuming beer countries and revenue streams.<sup>2</sup>

Figure 3: expected revenue growth beer market China

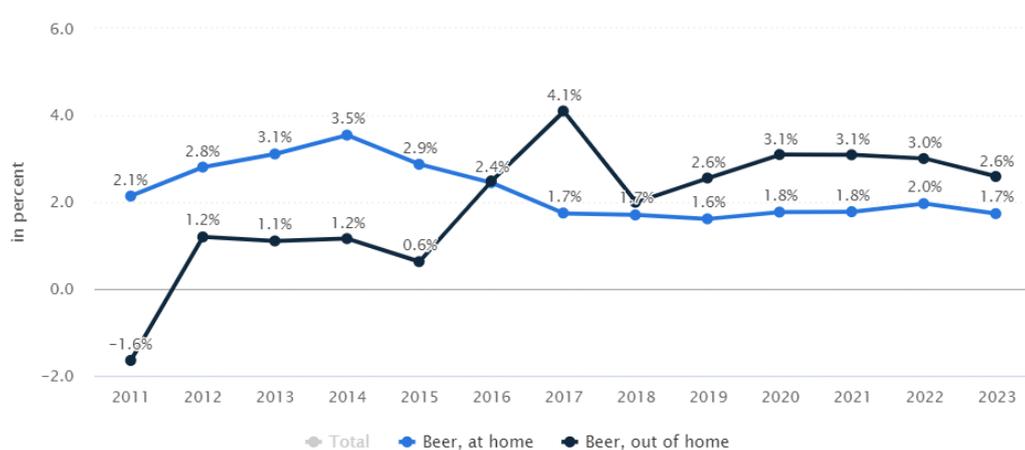


Source: Statista, August 2019

Info

According to Statista, China's revenue growth is expected to decline the coming years, both in volume and in value. This is in line with the prediction of The Economist. The volume of alcoholic drinks consumed globally fell by 1.4% in 2016, to 250bn litres, according to IWSR, a research firm. It is the second consecutive year of decline.

Figure 4: expected revenue growth beer market US



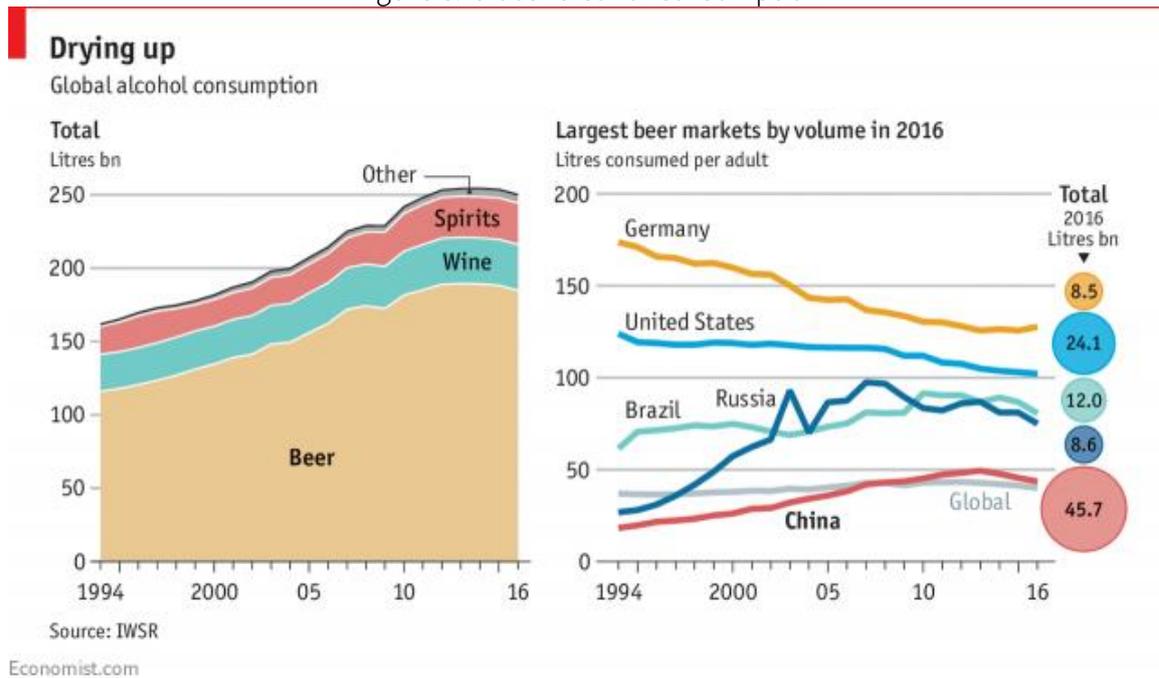
Source: Statista, August 2019

Info

<sup>2</sup> Swinnen, J. Beeronomics, 2017

China now consumes a quarter of all beer. But consumption per person peaked in 2013 and dropped further last year. In the US we see a meagre rise in “beer, at home” revenue and a quiet considered rise for the revenues created by “beer, out of home”. Expectations are that after 2022 both money streams will decrease with respectively 0,4 and 0,3%.

Figure 5: Global alcohol consumption



Worldwide beer consumption however shrank by 1.8% to 185bn in 2016. Yet because the drinking-age population of the world grew by 1% in that time, beer consumption per drinking-age adult declined even more, by 3.2%. The overall decline is almost entirely because of downturns in three of the five biggest markets. China, Brazil and Russia accounted for 99.6% of the global decrease in the volume of beer drunk in 2016. The expected growth in the US, however, is positive for the coming years. One reason is that Chinese drinkers are turning away from cheap local brews towards premium products and imported beers. Beer’s appeal is also waning among older drinkers. Over-30s are moving to wine and over-40s favour baijiu, the national spirit.

## 1.1 URBANIZATION AND RISING INCOMES

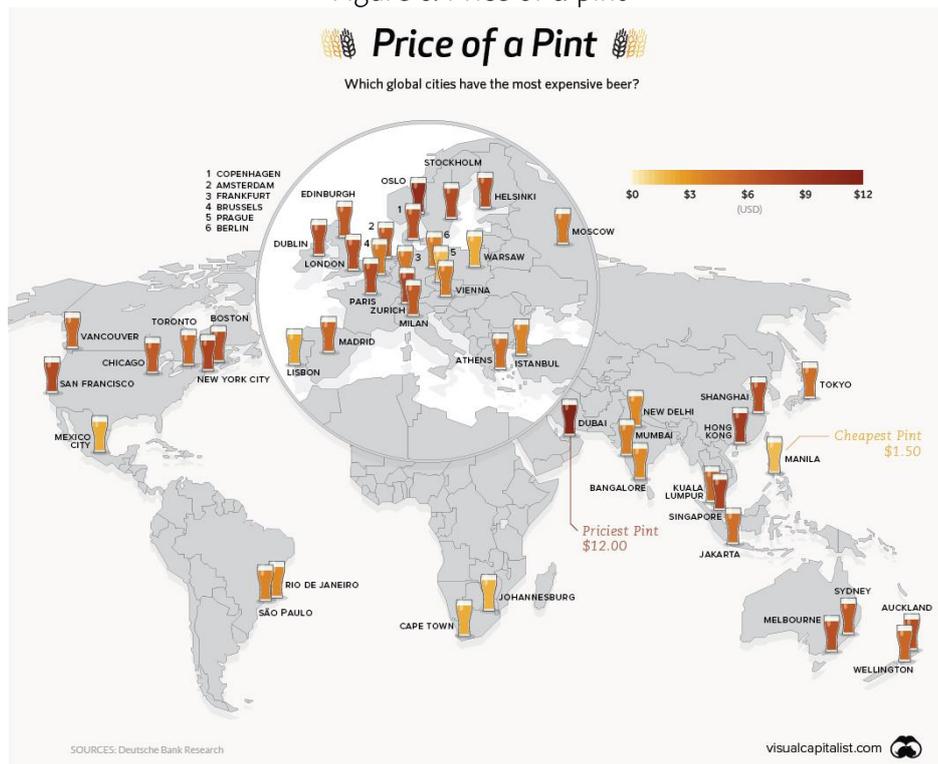
The relatively steady growth of basic ingredients consumption by urban residents over the last 20 years testifies to the increasing proportion of income spent on pre-packaged food and more frequent



restaurant meals. This urban sector is in fact more likely to be interested in new and imported products than those who live in rural areas<sup>3</sup>.

High-income earners spend more on higher value food product such as dining out, pre-packaged foods, dairy products and imported goods. We can observe a decline in grain consumption and an increase in milk-based products<sup>4</sup>. It is important to underline the fact that a middle-class is growing. These new prospects pay less attention to the price and more attention to the quality of the food they buy<sup>5</sup>.

Figure 6: Price of a pint



The middle class is becoming bigger, which leads to an increasing purchasing power and an increasing demand for new products, brands and concepts<sup>6</sup>.

<sup>3</sup> EUSME, The Food & Beverage market in China, 2013

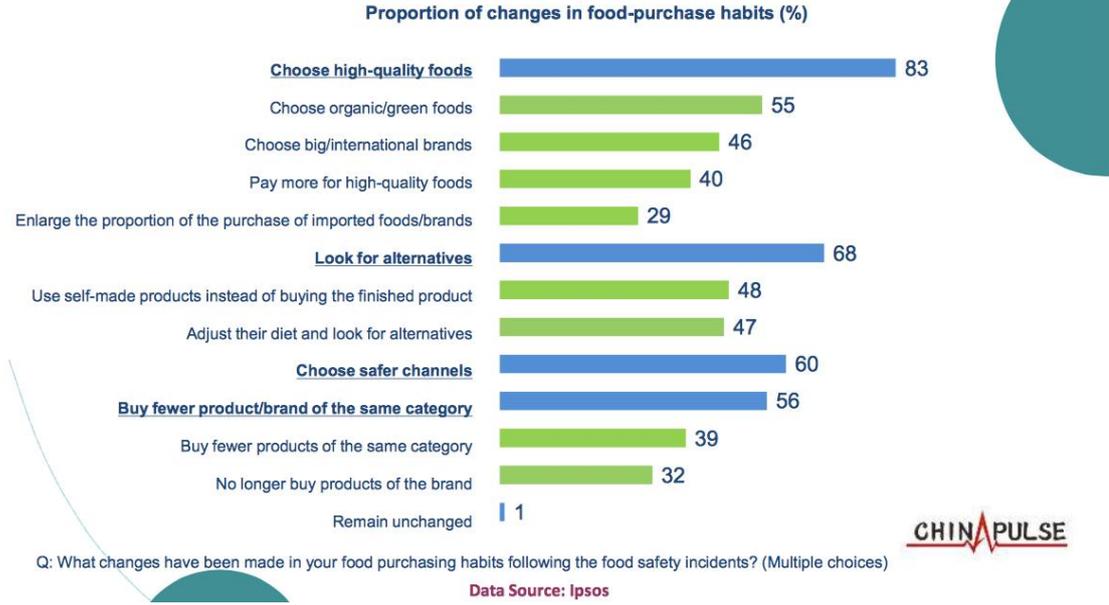
<sup>4</sup> EUSME, The Food & Beverage market in China, 2013

<sup>5</sup> EOCVIS, Foreign Food&Beverages in China, 2015

<sup>6</sup> IGD, China's grocery market reaches US\$1trillion, <http://www.igd.com/About-us/Media/IGD-news-and-press-releases/Chinas-grocery-market-reaches-US1trillion/>, June 2013.



Figure 8: Proportion of changes in food-purchase habits



The Chinese middle class is swelling with young, affluent professionals who are more willing to spend money on brands and who are experienced travelers looking for a taste of other countries back home. And in China, most beer is still considered affordable. So, sales have held up relatively well even as wine, the Chinese spirit baijiu. Other more expensive liquors have been hit by the country's anticorruption crackdown and the slowing economy.



## 2. TRENDS

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### 2.1 INCREASING CONCENTRATION

In 2018, the top 4 companies with the biggest shares in the Chinese beer market are China Resources Tsingtao, Enterprise Snow, AB InBev brands and Yanjing Beer. Those four enterprises account for 78% of total market share, which means the Chinese beer market is one step closer to oligopoly.<sup>11,12</sup>

The most obvious trend on the beer market in 2018 was the increasing concentration of the industry, with more mergers between industry players. Anheuser-Busch InBev completed its acquisition of Jilin Ginsberg Draft Beer and Jiangsu Regal Beer in 2014, which also reflected the company's determination to develop in the domestic market. It is a characteristic of AB InBev to play aggressively to dominate the beer market. After their acquisition of SABMiller in 2015, they have approximately 1/3 of global market share in beer. Furthermore in 2017 Anheuser-Busch InBev NV (AB InBev) became the exclusive seller of Diageo Plc's Guinness brand of beer in China. The distribution agreement between the two alcohol giants will span five years, subject to certain unspecified performance standards. Financial details of the deal were not disclosed.

The move helped UK-based Diageo strengthen the presence of the Guinness brand in China's fast-growing liquor market through AB InBev's strong distribution network in the country. The agreement covers sales of the Guinness-branded black beer in bars and restaurants as well as in hypermarkets, convenience stores and other retail outlets.<sup>13</sup>

But AB InBev have been selling parts of their business as well. Asahi reportedly put 16 billion Australian dollars on the table for Carlton and also receives the rights to commercialize AB InBev beer brands (such as Stella, Corona or Budweiser) in Australia.

With the successful listing of Budweiser APAC in Hong Kong on September 30th, 2019, Budweiser Brewing Company APAC Limited, part of the AB InBev Group, is now the largest and a fast growing beer company in Asia Pacific.

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<sup>11</sup> 外媒解读中国啤酒市场新常态：产业内因是根本 · Xinhuanet.com 2015

<sup>12</sup> Financial Times

<sup>13</sup> The Economist, Diageo inks distribution agreement with AB InBev in China, August 31<sup>st</sup> 2017.



Figure 9: Overview of global beer brands and their owners

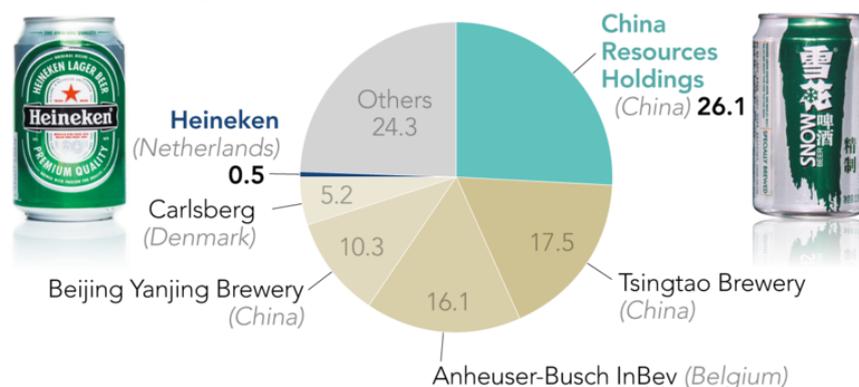


However, they are not the only foreign beer company that is looking to expand their business into China. In 2018 Heineken inked a 3.1 bn dollar deal with China's largest beer maker. The Dutch brewer acquired a 40% stake in China Resources Beer Co Ltd (CR Beer) and joined their board. Furthermore, the Dutch company sold its operating units in China, including three breweries, to CR Beer for HK\$2.4bn as well as licence its brand to the Chinese company on a long-term basis. Heineken did not indicate the duration of the licencing framework deal. CR Beer also gained exclusive marketing rights for Heineken's beer brands in China, Hong Kong and Macau.<sup>14</sup>

<sup>14</sup> The Economist, Heineken inks US\$ 3.1 bn deal with China's largest beer maker, August 3<sup>rd</sup>, 2018.

Figure 10: Shares in the Chinese beer market

**Heineken has only 0.5% share but will get 40% stake in China's biggest beer maker** (market share, in percent)



Source: Euromonitor International

Large beer companies have been expanding through acquisitions, to better adapt to the increasingly competitive market. With the help of acquisitions of domestic small players, foreign brands established strong footholds in the market in short periods of time to then use the company's original channels to rapidly expand and seize market share<sup>15</sup>.

According to news from Financial Times on Mar 2, 2016, China Resources Beer agreed to a takeover the shares held by UK-listed SABMiller Group in China Resources Snow Breweries. This made it easier for AB InBev to finalise the acquisition of SABMiller with a £ 71 billion deal.

## 2.2 CHANGE OF CONSUMPTION PREFERENCE

Feedback from Nanjing beer bar: "Chinese consumers' knowledge of Belgian beer is very limited; the market needs a lot of new brands and new images to refresh consumers' taste." Normally the bar will place orders to different brewers, thus the opportunity for trading companies with different brands to highlight Their products.

<sup>15</sup> Euromonitor 2015



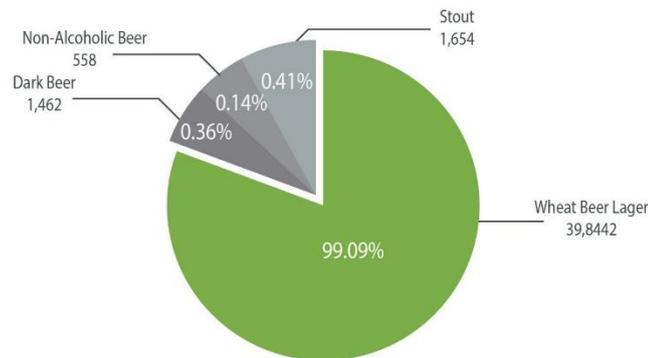
Figure 11: Source: Chemlinked, China Beer Sector Analysis: Market Data, Segmentation and Forecasts, 2019

**PART 5: CUSTOMER PREFERENCE**

■ Top sales of beer by category, by value, 2017 (Source: Euromonitor International)

The sales of wheat beer lager amounted to RMB 398 billion yuan in 2017.

Unit: CNY milion Total: 402,116



Nowadays, with the health concern, people don't appreciate the "eat and drink dramatically" mentality. People prefer to consume a small bottle imported beer with an extraordinary flavour and exquisite package for both men and women. Nowadays beer is treated as a fashion and health consciousness in China. According to sales of supermarkets, the small bottles of imported beer are the most popular ones in daily sales, the target customers are mostly young people born in 1980s or 1990s, who care more about taste and package than pricing. Furthermore the tastes of young consumers is getting more diversified, they tend to try all kinds of imported beers such as IPA or Belgian fruit beer, which is mostly a women's favourite.

In terms of the target audience for the beer market in Shanghai and surrounding 2<sup>nd</sup> tier cities more Chinese customers have an international background. They own academic/work experience overseas and frequently travel abroad and are interested in foreign culture. This plays into the hands of foreign beer brands who are becoming more appealing to youngsters in China.





feeds, order on Taobao or T-mall and make their order arrive at their working place, everything is now bought on the Internet”.

Figure 13: E-commerce sales as % of total retail market



Economist.com

60% of all foreign products in China are purchased online<sup>18</sup>. Tier 1 cities (Beijing, Shanghai, Guangzhou, Shenzhen) make up around 50% of online sales, and tier 2, 3 and 4 are high opportunity targets (due to local unavailability of foreign/ genuine products).

Imported beer products are a trending section on e-commerce sites in China. Specifically, the three types of shopping avenues that are more popular and targeted to consumers. Horizontal e-commerce platforms sell larger quantities of imported products in particular categories which allow Chinese to efficiently find what they need. Vertical platforms, in comparison, are usually niche and are dedicated to a more educated and targeted audience especially if the brand is more known. Examples of horizontal platforms include Tmall, JD and Tmall Global, whereas vertical platforms include Jiuxian and ichinabeer.<sup>19</sup> Another method for shopping online to buy foreign brands directly is Cross-border channels. This channel is especially useful for international enterprises that want to test the market’s reaction to the products itself. Furthermore, the cross-border method has tax advantages for foreign brands as sellers can sell products cheaper than some of the goods available in the domestic market This is very desirable for international brands because they can bypass the taxes that apply to selling products physically.<sup>20</sup>

<sup>18</sup> Bluecomm conference, “The e-commerce in China”.

<sup>19</sup> Daxueconsulting, Is the beer market in China getting craftier? 31 December 2018

<sup>20</sup> Daxueconsulting, Is the beer market in China getting craftier? 31 December 2018





target for craft beer is often millennial Chinese consumers with this group being highly connected to the internet as they shop among several popular e-commerce platforms curious to discover new products.<sup>23</sup> Furthermore, some Chinese brands are struggling with the shift to more premium drinks. Tsingtao, Snow and Yanjing have a major problem with sales dropping in volume. This is as younger and more affluent consumers switch to more premium drinks over value for money in order to look more 'unique' and 'cool' to their peers. Particularly, Heineken has increased its strength with its more expensive offerings. This is along with Panda Brew whose sale of distinctly flavoured brews has tripled since its establishment in 2013 with his products in more than 60 cities. This need for brand recognition and products that provide social value is also driving the development of craft beer within China's alcoholic beverage industry.<sup>24</sup> Some examples for craft beer brewers in China are:

- <http://chinacraftbrewersassociation.com/>
- <http://www.chengdubeer.com/>
- <http://www.meetup.com/Beijing-Homebrewing-Society/>

These associations are becoming more active nowadays:

- Local BBS for home brew: <http://bbs.homebrew8.com/forum.php>
- <http://www.ratebeer.com/breweries/china/0/45/>

This website has an oversight of breweries in China, different types exist; Most of them are commercial ones but a substantial amount of pub/breweries exist which are like microbreweries, they differ in the way they directly sell their own product at their bar. Besides this there is a smaller amount of microbreweries but this number is allegedly on the rise.

Nevertheless, the home brewed beers are not legal yet that is because the brewer couldn't obtain a QS certificate (Production Certificate). However, the scale for the sales of these home brewed beers will probably not have a significant share in the Chinese beer market.

The top 4 results on Tmall from October 2018 for the volume of sales online under the category 'craft beer transported products' were Corona, Hoegaarden, a mix of Belgium craft beers as well as Trappistes Rochefort. On Tmall these top 4 results show a variety of imported products where consumers can purchase items either individually or in a group in order to try a greater variety of imported products. Corona is the most popular craft beer imported product. This is with it selling a bottle at 20 RMB for a 330ml bottle. It sells in a glass bottle with several sizes available and is imported from Mexico with a self-owned shop on Tmall. In October 2018 the number of sales on Tmall was 2216.<sup>25</sup>

Hoegaarden was the second most popular based on the volume of sales online. It sells one product at 17.5 RMB for a 500ml can. In October 2018 the number of sales on Tmall was 1422. A Mix of Belgium craft beers was the third most sold with 302 sales on Tmall in October 2018. These products sell at 14 RMB a bottle which can be from 330ml to 500ml in volume and are imported from Belgium. The fourth most sold craft beer is Trappistes Rochefort which sold 265 products on Tmall in October 2018. The products sell for 17.5 RMB for 330ml bottles and are imported from Belgium.<sup>26</sup>

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<sup>23</sup> Daxueconsulting, Is the beer market in China getting craftier? 31 December 2018

<sup>24</sup> Daxueconsulting, Is the beer market in China getting craftier? 31 December 2018

<sup>25</sup> Daxueconsulting, Is the beer market in China getting craftier? 31 December 2018

<sup>26</sup> Daxueconsulting, Is the beer market in China getting craftier? 31 December 2018

## 2.5 FREE TRADE ZONE DEVELOPMENT IN CHINA

On August 2019 China announced it will be expanding pilot free trade zones (FTZ) to six new provinces across the country. These are Jiangsu, Shandong, Hebei, Heilongjiang, Guaxi, and Yunnan. The move, which will raise the total number of China's FTZs from 12 to 18, aligns with the government's ongoing reforms to open up the economy. The expansion plans aim to deepen China's trade and economic ties with neighboring countries while also bolstering the local economy in underdeveloped provinces.<sup>27</sup> In China, the recent development of the Free Trade Zone Development (FTZ) has made doing business in China easier with favourable policies for cross-border trade. This is seen with the simplification of clearance procedures which shortens clearance time and lowers cost for importers. This is especially good news for international brands trying to enter the market. There are four provinces that have set up Free Trades Zones including Shanghai, Tianjin, Fujian and Guangdong which all have their own rules. Xiamen is especially of note with one of the largest beer ports due to its favourable policy towards importers which allows beer importers to save 2,000 RMB per cabinet.<sup>28</sup>

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<sup>27</sup> China Briefing, China Announces New Free Trade Zones in Six Provinces, September 10 2019

<sup>28</sup> Daxueconsulting, Is the beer market in China getting craftier? 31 December 2018



### 3. OVERVIEW OF BELGIAN BEERS' DEVELOPMENT IN CHINA

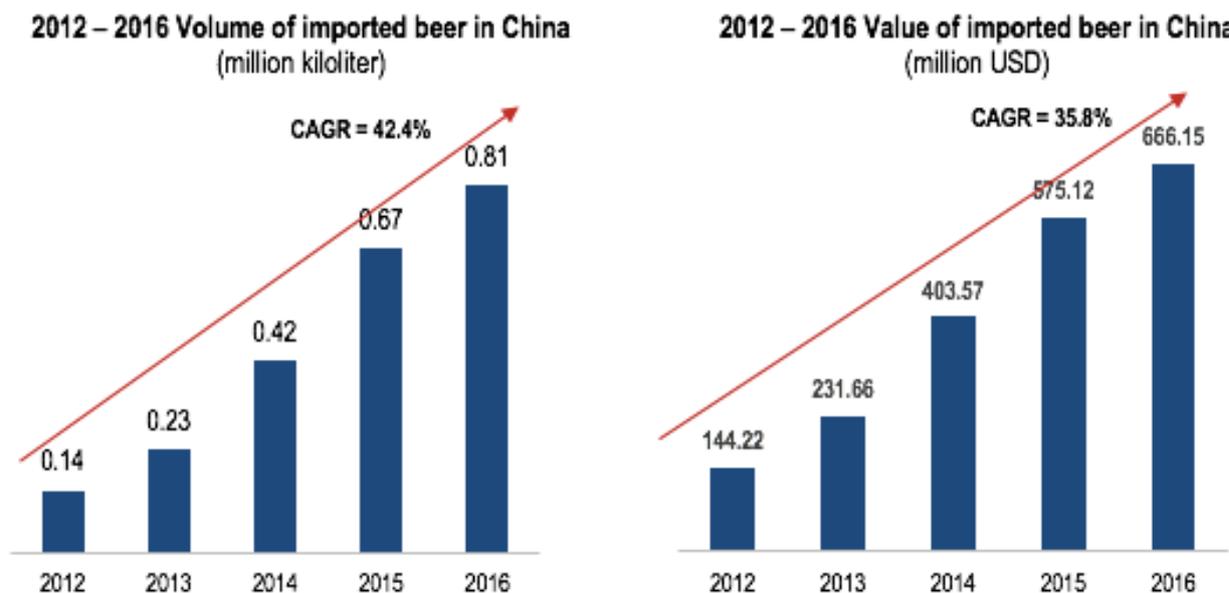
According to news from China Daily in Aug 2015, China imported more Belgian beers than Japan in 2014, becoming Asia's largest consumer of Belgian beers, the president of the Federation of Belgian Brewers, Jean-Louis Van de Perre, said during an exclusive interview with Xinhua on Tuesday.

#### 3.1 RELATED STATISTICS

According to the latest report published by the Federation on the export of Belgian beers, the export of Belgian beers to China was 162,751 hectolitres in 2014, an increase of 140 percent over the previous year (69,456 hectolitres) and 850 percent compared to 2008 (17,138 hectolitres).

The Development of foreign Beers in China could be witnessed by following charts:

Figure 15: The volume and value of imported beer in China



Source: China Customs, Daxue Consulting analysis

Figure 16 Bilateral trade between China and Belgium

**Bilateral trade between China and Belgium**

Product: 2203 Beer made from malt

Unit : US Dollar thousand

Product code	Product label	China's imports from Belgium			Belgium's exports to world			China's imports from world		
		Value in 2012	Value in 2013	Value in 2014	Value in 2012	Value in 2013	Value in 2014	Value in 2012	Value in 2013	Value in 2014
'2203	Beer made from malt	8833	16862	29809	1354929	1550427	1401026	144207	231486	406989
'2202	Non-alcoholic beverages (excl. water, fruit or vegetable juices)	109	116	270	808894	961482	972590	93719	152544	222685
'2201	Mineral & aerated waters	221	127	198	189265	261490	284162	29335	31127	46364
'2206	Fermented beverages, nes	17	16	146	39332	49799	57875	9707	10818	17119
'2204	Wine of fresh grapes	48	4	66	168644	178855	169679	1581017	1554614	1503342
'2208	Spirits, liqueurs, other spirit beverages, alcoholic preparations	4	57	3	151067	234192	284158	1227402	1067181	743779
'2205	flavoured with plants or aromatic substances	0	0	0	8473	12646	11094	1525	2168	3809
'2207	Ethyl alcohol & other spirits	1	0	0	413178	454793	358047	10494	1425	20013
'2209	Vinegar and substitutes for vinegar	0	0	0	4212	4842	5904	5066	7039	9501

Compared with traditional export markets in Europe of Belgian beer, U.S. and China become the emerging and promising new export destinations. Especially if you take a look at the US\$74.2 million Belgian beer imports into China.<sup>29</sup>The Chinese market has attracted world's exporters' attentions, so the competition is inevitably fierce. German beer accumulated a good reputation and image in China because the German brand "BECK'S" has built a strong brand image as a foreign/German beer back to 1990s when there was almost no competitor.

Even though Inbev acquired BECK'S in Aug 2001, the slogan of BECK'S commercial ads mentioned its German origin. Brand image even country image of foreign forgoers to China has rooted among potential Chinese consumers. Some of these forgoers even enjoyed the advantage and influence till now. On the other hand, the quotation of German beer is lower than that of Belgium. Some importers we knew, who have a huge demand of foreign beer, such as private label, tend to opt for German beer, due to limited capacity of Belgian beer.

And the renown Dutch beer, Heineken contributes the most to the growth curve for the Netherlands, Heineken did very well in China thanks to the sports sponsorships, competitive price and the availability of enough supply. Local consumers tend to choose imported Heineken, firstly because of the price. Heineken set a tariff that positions itself in the cheaper spectrum of the market but with a different taste compared to domestic brews. The reason behind the difference of this personal preference could possibly be because of different water quality. Secondly because local Heineken couldn't serve all demands, imports could compensate. The largest market for imported Heineken is in Pearl River Delta. So, from these points of view, Belgian beer also did a good job these recent years because the real competitors are more artisan/craft beer than the industrial beer.

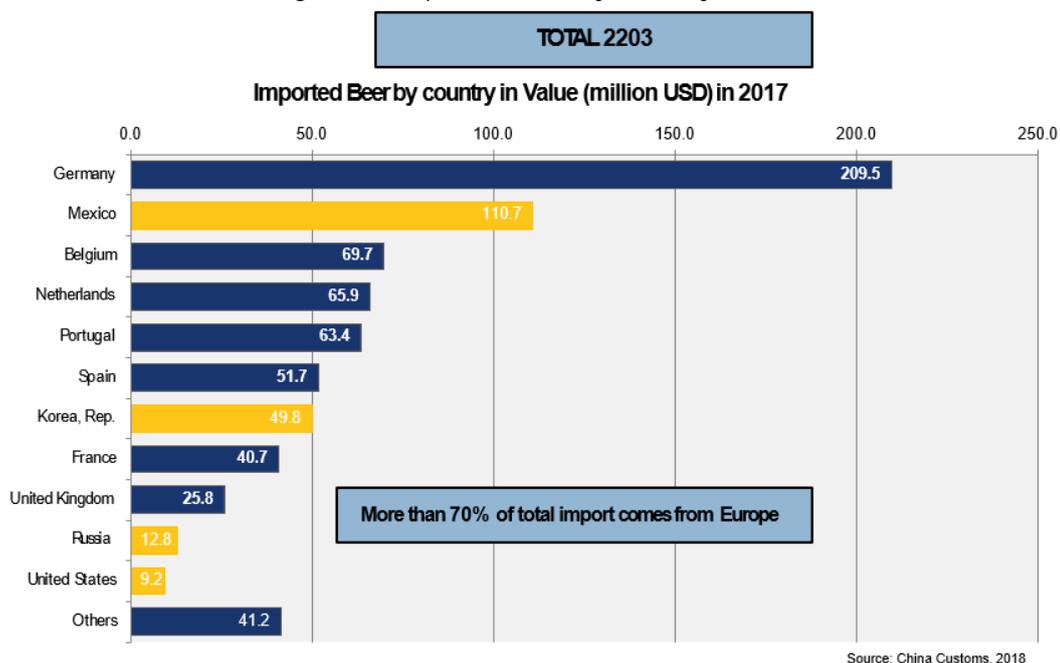
<sup>29</sup> Mersol&Luo, Belgian Beer in China, 1 August 2019



### 3.2 BELGIAN SUCCESSFUL PLAYERS IN CHINA

Belgium as a beer exporting country has put some big numbers on the charts regarding the import of beer into China. With reportedly exporting 69.7 million USD worth of beer in 2017, they are the third highest value exporting nation.<sup>30</sup> Also, the annual production of Belgian beer reaches 20 million hectoliters, of which 70% is exported.<sup>31</sup> We can conclude that Belgium already seems to be a successful beer exporting country, that still has a lot of opportunities in the Asian and Chinese market as the shares of foreign beer consumption against total consumption are still rising.

Figure 17: Imported Beer by country in Value



When Duvel was being introduced to the Chinese market in 2007 it already imported 200 hectolitres through the opening office in Shanghai. And even though the flagship is still Duvel, the brewer from Puurs is mostly renowned for its Vedett beers, the Achouffe family and Liefmans Fruitesse. Vedett Extra Blond and Extra White were even given Chinese names, respectively Penguin 企鵝 and Polar Bear 白熊. The figures seem to support this. According to general manager Vincent Smets, the family-run business will export a hundred-odd containers of Vedett to China. The rest of the portfolio is also doing well. Duvel directly represents itself in China, instead of working through importers, and opened offices in seven important Chinese cities. "Most importantly, this helps us control our own brand name. Fraud and deceit are legion here. Because of the long importing process, many foreign beers in China have almost exceeded their best-before date. Some importers forge or replace the labels on the kegs and sell it anyway. This is very detrimental to our image. Secondly, we can take care of the service and we can

<sup>30</sup> EUSME Centre, The imported and craft beer market in China.

<sup>31</sup> Mersol&Luo, Belgian Beer in China, 1 August 2019



provide our distributors and customers directly with glasses, coasters and other promotional material. This boosts our image and our brand. Finally, we also control the price and are thus one step ahead of the competition.”

AB InBev may have several years of experience in China, but they are mainly focussing on their global brands, such as Budweiser, and their local ones, such as Harbin, one of China’s most popular lagers. The only truly Belgian beer they are pushing in China is their premium beer Stella Artois. For its international brands Leffe and Hoegaarden, the beer giant is mostly relying on importers.

Alken-Maes and Haacht, too, realise that it’s important not to show up too late to the game, but they prefer to wait to see which way the cat jumps. Haacht is able to take action quickly because its parent company Heineken already has a strong presence in Asia.<sup>32</sup>

As shown the following well known e-supermarket YHD.com, sells Belgian brands in China.

The screenshot displays a grid of 14 product listings for Belgian beers on JD.com. Each listing features a product image, a price tag, a brief description, and a red '加入购物车' (Add to Cart) button. The products include various styles of beer such as 'White', 'Fruiti', 'Rochefort', 'Warenbacher', and 'Duvet'. Prices range from ¥39.90 to ¥285.00. The interface also shows user ratings and the number of items added to the cart for each product.

<sup>32</sup> Belgian beer conquering china, De Tijd, 20 December 2013



130 YHD.COM 全球超市 轻松到家

啤酒



**¥268.00**  
VEDETT/白熊 比利时原装进口  
精酿啤酒 白啤 白熊啤酒  
加入购物车  
2.0万+ 99%



**¥268.00**  
Rochefort/罗斯福10号 比利时...  
加入购物车  
1.0万+ 99%



**¥119.00**  
罗斯福 (Rochefort) 6号啤酒  
加入购物车  
9.2万+ 99%



**¥118.00**  
罗斯福 (Rochefort) 比利时进口  
加入购物车  
1.0万+ 99%



**¥137.90**  
【国企进口】罗斯福 修道士精...  
加入购物车  
2800+ 98%



**¥119.00**  
督威 (Duvet) 比利时 原瓶进口  
加入购物车  
2.0万+ 99%



**¥89.00**  
智美 (Chimay) 红帽/1/蓝帽/3  
加入购物车  
9.1万+ 99%



**¥118.00**  
多口味12瓶 法国进口1664白...  
加入购物车  
2.9万+ 99%



**¥179.00**  
比利时进口啤酒 时代 (Stella  
加入购物车  
1.0万+ 99%



**¥158.00**  
白熊 (Vedett Extra White) 比  
加入购物车  
1.0万+ 99%



**¥109.00**  
【美力啤酒旗舰店】美力草毒...  
加入购物车  
1.0万+ 99%



**¥99.00**  
马里斯 (Maredsous) 比利时  
加入购物车  
1.0万+ 99%



**¥89.00**  
瓦伦丁 (Wurenbacher) 小...  
加入购物车  
1.0万+ 99%



**¥79.00**  
比利时进口林德曼组合6瓶装...  
加入购物车  
1.0万+ 99%

130 YHD.COM 全球超市 轻松到家

啤酒



**¥168.00**  
VEDETT/白熊 比利时原装进口  
加入购物车  
2500+ 97%



**¥99.00**  
智美 (Chimay) 红帽啤酒 组合  
加入购物车  
9.1万+ 99%



**¥59.00**  
奢莉(Cherie) 樱桃小麦水果啤酒  
加入购物车  
1.6万+ 99%



**¥69.00**  
白熊 (Vedett Extra White) 比  
加入购物车  
5.5万+ 99%



**¥275.00**  
【进口品牌】精酿啤酒组合/原  
加入购物车  
400+ 98%



**¥99.00**  
比利时的性啤酒 原装进口O啤...  
加入购物车  
900+ 95%



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5.1万+ 98%



**¥268.00**  
比利时原装进口VEDETT白熊系...  
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**¥78.00**  
督威 (Duvet) 比利时 原瓶进口  
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**¥109.00**  
智美 (Chimay) 蓝/红啤酒 精致  
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六种口味法国原装进口克伦堡1...  
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1900+ 96%



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1 加入购物车  
5.5万+ 99%



**¥99.00**  
粉象 (Delirium) 灰/浅粉象啤酒 精致礼盒装 750ml\*2瓶 精酿啤  
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3.9万+ 99%



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时原瓶进口 果味啤酒330ml\*6  
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**¥99.00**  
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精酿 黄金\*3/三花\*3啤酒 组合装  
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啤酒



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券 满199减20  
1 加入购物车  
2500+ 99%



**¥89.00**  
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1 加入购物车  
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【多国精酿啤酒/果啤组合】比...  
利时/英国/美国/法国/丹麦等 白  
1 加入购物车  
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**¥59.00**  
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700+ 99%



**¥160.00**  
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250ML\*24瓶  
券 满199减10  
1 加入购物车  
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## 4. BEER DISTRIBUTION IN CHINA

Figure 18: Offline and online sales of volume and value



Online sales are expected to rise significantly in China. However as shown in the graph still a significant percentage of sales are made offline. E-commerce was already mentioned in chapter 2; but the offline sales of beer are worth specifying as well.

### 4.1 CONVENIENCE STORES AND SUPERMARKET

One of the most used methods of selling food and beverages in the last centuries might be the store. A physical place with show cases displaying all the types of supply a certain store offers has been the main source for food and beverages for in house use before the invention of the online marketplace. A supermarket and hypermarket in most cases has the biggest range of imported beers in the offline sector, although it depends on the size of the store.<sup>33</sup>The convenience store is another more user-friendly way to purchase your inhouse needs. They typically cater the mass-consumed and leisure segment. As it is an offline retail platform, it is however firmly rising in popularity. The beer prices in these stores are higher compared to other retail channels and they mostly sell canned beer.

China is expected to be the largest grocery market worldwide leading up to 2023. They will overtake the US and become the world's largest in value terms. The nation's total market size will reach CNY11.0tn (US\$1.8tn), more than Asia's next four largest grocery markets (India, Japan, Indonesia and South Korea) combined.<sup>34</sup> Nick Miles, Head of Asia-Pacific at IGD, says: "China will not only retain its position as Asia's largest grocery market by 2023, it will also overtake the US to become the world's largest. The market is expected to have a CAGR of 5.5%, on par with Sri Lanka and Thailand, but slower than markets such as India, Vietnam, Indonesia and the Philippines, where the economy is growing faster."

"Less than half of grocery sales in China currently go through traditional trade and as the market continues to mature, we expect traditional trade to continue losing share to modern trade. As the total

<sup>33</sup> EUSME Centre, The imported and craft beer market in China

<sup>34</sup> IGD, IGD: China to become world's largest grocery market by 2023, 14 June 2019

market size expands, traditional trade will still grow, but at a much slower pace over the next five years (forecast CAGR of 0.8%), compared with the growth rate of modern trade (forecast CAGR of 8.5%).” Over the next few years development of modern trade in China will be largely driven by ongoing store expansion, as well as strong performances from the convenience and online channels. However, hypermarkets will see their share of China’s total grocery retail market decline from 22% in 2018 to 18% in 2023, while the market share of supermarkets will remain steady, close to 20%.<sup>35</sup> Furthermore, research found that China’s leading grocery retailers will grow at varying rates. Ecommerce businesses such as JD.com and Alibaba will have a significant growth from both online and offline channels. They will become the second- and third-largest grocery retailers in China respectively. Meanwhile, retailers with nationwide networks such as Sun Art, Yonghui, Walmart, CRV and Carrefour will benefit from ongoing expansion, partnerships with ecommerce and tech companies, improved efficiencies and investment in small formats. Regional players such as NGS and Wumart will continue to focus on profitability.<sup>36</sup>Hotels and restaurants

For the hotel and catering industry there is a difference between traditional Chinese channels and western premium channels. This is as domestic hotels and restaurants mostly serve mass-consumption beer, with big 600ml bottles of local brands. In comparison, western-style and premium luxury institutions serve foreign, products such as craft beer. Examples of distribution channels for this category include international hotels with bars with business or high-end positioning or mid-range western restaurants in tier 1 cities.<sup>3738</sup>

## 4.2 BARS AND BREWERIES

Bars and breweries with a wide selection of imported beers are blooming the past years in the main tier 1 cities. With a larger audience of foreigners and Chinese interested in craft beers, the best way to attract them is to offer imported products that are difficult or are hardly found in other places. Dedicated imported beer bars such as beer89 in Beijing, Beer lady in Shanghai are examples of these. Breweries and sports bars such as the Great Leap Brewing are also a good example, with a large selection of beers available. Most visitors who go to these places are people between the ages of 20 to 40 years old in urban areas with an interest in beer.<sup>39</sup>

## 4.3 OFFLINE EVENTS

Beer festivals, food and beverage events, imported products fairs, there is a sufficient number of small events to larger fairs where craft beer brands and producers promote and sell their products. Sponsoring events with high participation of the target market, here being mostly millennials from ages 20 to 35 years old, is also a good way to promote brands to consumers in tier 1 cities with an interest in social events. They are more likely to attend summer festivals or events such as the Qingdao beer festival as well as Oktoberfest which takes place in several tiers 1 cities.<sup>40</sup>

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<sup>35</sup> IGD, IGD: China to become world’s largest grocery market by 2023, 14 June 2019  
<sup>36</sup> IGD, IGD: China to become world’s largest grocery market by 2023, 14 June 2019  
<sup>37</sup> IGD, IGD: China to become world’s largest grocery market by 2023, 14 June 2019  
<sup>38</sup> EUSME Centre, The imported and craft beer market in China  
<sup>39</sup> IGD, IGD: China to become world’s largest grocery market by 2023, 14 June 2019  
<sup>40</sup> IGD, IGD: China to become world’s largest grocery market by 2023, 14 June 2019

## 5. SWOT ANALYSIS FOR BELGIAN BEER IN CHINA

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Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• 0% customs tax</li> <li>• Long shelf life (Normal TsingTao beer 6 months, Duvel 3 years)</li> <li>• Relatively New to Chinese Consumers</li> <li>• Attractive labeling</li> <li>• Distinctive taste, unlike the traditional brands</li> <li>• Portfolio and choices</li> <li>• Convenient packaging at ½ dozen or loose, perfect for party or karaoke consumption</li> <li>• Quality products with world reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Price relatively high</li> <li>• Little experience outside Europe</li> <li>• Family-owned company with limited capital</li> <li>• Glass bottles are not easy to transport during distribution and for consumers</li> <li>• Limited capacity compared to giant Chinese market</li> <li>• Tailor-made localized marketing strategy</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Bar and restaurant growth allows more products to be selected</li> <li>• Expat community is well established and growing middle-class in China</li> <li>• Increase in food-safety concerns and in healthy lifestyle</li> <li>• Chinese consumers are willing to try different beers</li> <li>• E-commerce is blooming in China</li> <li>• Chinese RMB continues to increase against the US dollar</li> <li>• Niche market</li> <li>• More westernized dietary habits</li> <li>• Free trade zone development in china</li> </ul>	<ul style="list-style-type: none"> <li>• Culture difference</li> <li>• International competition</li> <li>• Domestic competition</li> <li>• Government regulation and future tax change</li> <li>• Market sense</li> <li>• Slowdown of the Chinese economy</li> </ul>



## 6. MARKET ENTRY

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China is a complex market, competitive, ruthless enough. It is relatively easy to get by them, but difficult to be profitable and develop.

### 6.1 KEY ELEMENTS

- Basic understanding of import regulations and procedures
- Homework on potential customers
- Prepare your company profile and production information in Chinese
- The choice of right partners is crucial. Make a good job of "due diligence" ahead of this choice.
- Pay attention to changes in legislation by Customs and AQSIQ
- A fair degree of involvement by the brewer is necessary to be successful
- Marketing and brand awareness (including e-marketing) and plays a very important role.
- Presenting yourself at local industry trade fairs and get to know industry and business contacts.

Because of the limited production capacity of Belgian breweries, the main supply of small Belgian breweries go to bars, restaurants and delicate outlets. But consumers will be more familiar with the brand if they see the products in the offline and online supermarkets.

Some brands only decide to position themselves in the luxury niche while others can support the production with larger supply. Those who try bigger production have the most chance at penetrating the retail market. Some voluntarily take their prices upwards to maintain a superior brand image but are then exposed to parallel imports. Lastly, the price range is obviously narrower for beer than for cognac or wine.

### 6.2 Must have local presence?

Most breweries have an indirect presence in China, with an importer and / or distributor who supports the flow of the product and in some instances marketing. Some medium-sized breweries import or promote their products themselves but rely on local distributors to sell their goods. It is difficult to settle permanently on the market without real and active presence. Competition is intense and there are enough brands to offer options to Chinese customers.

Some producers go through Hong Kong-based importers. The main advantages are the possibility of dealing in English and having a developed entrepreneurial ecosystem which is very well connected to China and has a transparent judicial system to Western standards. However, this has a cost. An increasing number of brewers deal directly with mainland China or structures based there.

We must therefore constantly create consumers' interest, the "buzz" around the product to support sales and explore new distribution channels. An exception to this principle: some niche beers or having an exclusive distribution channel (such as beer only referenced by a chain of local restaurants).



## 7. MARKETING IMPORTANCE

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The market for special beers is still developing in China. A lot of study on consumers is necessary, and it's difficult to develop a reputation in this giant and fragmented market, where there is fierce competition. The relatively raised price imply a risk took by the consumer, it is fundamental to offer them the possibility to discover and to test a wide range of beers. Playing on special and recognizable image, especially the knowledge of using specific glasses to appreciate Belgian beers. Furthermore, the social media and online comments on e-commerce sites and famous bloggers' recommendation play very important roles on consumers' decision and preference.

### 7.1 MARKETING STRATEGY FOR CHINA

The market of imported beers witnesses fierce competition among thousands of international beers, including several dozen Belgian brands. The Belgian suppliers should position themselves wisely, by offering a particular product (with special taste, packaging), cooperation with a local importer/distributor (for example, in a niche channel with less competition), or by pressing sales strategy and an adequate marketing budget (which generally requires brewers' participation).

It's recommended to organize in-store tasting, offering samples and promotions to encourage Chinese try the products and to impress the potential consumers.

Although there is a high recognition of Belgian beer in the world, it's important to further develop their reputation in China, so they can let more consumers recognize Belgian beer. The retail price is the decisive element for consumers' whilst choosing their beer, if there's something value-added the customer is more keen to buy that particular product. Several distributors and major importers understood this concept and invested big amounts into national branding.

We distinguish two components of marketing strategy:

- Offering and constructing a special and recognizable image, especially through the knowledge of using specific glasses to appreciate Belgian beers. The glass is an element permitting to recognize the beer when the brand name is often difficult to pronounce and impossible to memorize for most Chinese. The glasses are the messenger of the Belgian beer knowledge.
- Working in close collaboration with retailers in order to educate the consumers

Belgian beer, being less known and less presented in China compared to the rest of the world, must have the opportunity to land on the consumers' table for them to discover. Usually, the first trial of the inherent quality of the Belgian beer convinces consumers, but we need to assure them to easily find the beers afterwards at the retailers, bars, etc.

The recognition of Belgian beers in China is far less than that in Europe. And the Chinese market requires a lot of brand awareness. So marketing is a must.

To cite an example of IPA beers, In Oct 2015, British Prime Minister Cameron hosted China's President Xi at a local bar, where they drank some Green King Indian Pale Ale (IPA) beers together. This news along with photos and video clips instantly triggered massive interests among Chinese consumers for IPA beers. To



All imported foodstuffs and beverages are subject to inspections by the China Entry-Exit Inspection and Quarantine Bureau (CIQ). This can be a complicated and challenging process, be prepared and do not underestimate the cost, documentation and time required.

For those ingredients or components not registered in China, it is required that the ingredients are registered as new-to-China components. Any food or food ingredient or component that has had an import history prior to the new Food Safety Law should be allowed entry even if there is no Chinese standard.

To clear customs, an EU SME's first shipment of pre-packaged goods will need to:

- ✓ Acquire a CIQ certificate of import food labelling verification for the product's Chinese label
- ✓ Meet declaration requirements at customs
- ✓ Acquire a CIQ sanitary certificate

China Quarantine and Inspection (CIQ) requirements often change and can be complex to interpret. All exporters are encouraged to re-confirm labelling requirements and other product certification with their importers in China or relevant departments, prior to dispatch of goods. Tighter and stricter regulations are being seen across F&B categories in response to food safety concerns.

### **8.3 LABELLING**

All imported pre-packaged food must be labelled in Chinese (simplified Chinese as used in mainland China). In addition to Chinese characters, English and other foreign languages may also be used; this is useful in differentiating an imported product from local produce. The following is the example of minimum information to be listed:

- Standard name of foodstuffs
- List of ingredients
- Quantity of ingredients (listed in descending order by weight or volume)
- Net weight and configuration
- Name, address and contact info of manufacturer and local agent or distributor
- Production date, use by date in YY/MM/DD format and guidance for storing
- Generic names of the food additives as used in the PRC national standard
- Food production license number
- Country of originCode of the product standard
- Special contents if there are any (e.g. irradiated food, genetically modified, nutrition list for baby food or diet food).

### **8.4 CHINA NEW FOOD SAFETY LAW**

China's first Food Safety Law was adopted in 2009. The New Food Safety Law was amended and came into effect on 1 October 2015. The new version is much stricter on monitoring and supervision, safety standards, recall of substandard products and includes severe punishment for offenders. The Food Safety Law also covers all imported food products, which are subject to the national food safety standards of China.





De contactgegevens van uw Provinciaal Kantoor vindt u terug op [www.flandersinvestmentandtrade.be](http://www.flandersinvestmentandtrade.be) onder de rubriek "onze organisatie/ binnenlands netwerk".

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