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ENTREPRENEURSHIP AND INTERNATIONAL MANAGEMENT

The Marketing of Italian Wine Brands in China: The 'Mainstreaming' Approach

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Abstract Italian wine is well known all around the world for its long history, nice taste and outstanding quality. However, when trying to enter the Chinese market, Italian wine producers do not obtain the proper market share or high reputation that they deserve. Based on empirical research, this article will provide explanation on the reasons behind this phenomenon. The authors argue that a 'mainstreaming process' marketing strategy should be adopted by Italian wine brands when facing competition from both domestic and other foreign wine producers in China.

Keywords Marketing strategies · Mainstreaming process · Italian wine brands

JEL Classification M31

Introduction

The Chinese wine market has been traditionally occupied by a number of traditional local alcohol brands like Mao Tai and Wu Liangye. However, in the last decade, people started to learn about the charm of grape wines and a huge potential market has emerged. This article will focus on how wine drinking can become more popular for the Chinese people, as it is already the case in Europe.

First, we shall introduce the concept of 'mainstream products'. The term 'mainstream product' in this article refers to the concept of a product which is closely connected with common people's daily lives; people are familiar with it from every point of view: cultural, historical, functional, etc. Furthermore, the term 'mainstreaming process' will be used in this article to refer to the process through

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which a standard product becomes a 'mainstream product'. 'Mainstream products' respond to the following characteristics:

Ready-made products. Ready-made goods are those products which are made for final consumers' use, as opposed to products which are designed for producing other products.

People are familiar with its main types, *models*, *brands*, *functions*, *usages and prices*. Culturally speaking, most people are familiar with its name and are used to the existence of this product in their daily lives. Emotionally, customers have already accepted it. Practically speaking, a mainstream product should be familiar to most people in terms of 'what its function is' and 'how to use it'.

Large scale of demand. It is not certain that all largely demanded products are 'mainstream'. However, all mainstream products are for sure largely demanded in the domestic market.

It is convenient and easy for most people to find and purchase the product. As mentioned above, a mainstream product needs to be well known among common people and largely demanded in the domestic market. It is impossible to achieve none of the points above without a mature sales channel and a huge retail net. Enabling consumers to buy the product whenever they want is the basic characteristic of a mainstream product.

An affordable price for common people. 'Affordable price' does not merely mean cheap. Affordable price means a price that people who live in the domestic society can pay for.

Strongly dependent on the economical, *social and political environment.* When we call a product 'mainstream', it is necessary to specify 'for which country, region, or market'. Owing to cultural, economical or political differences, most products are considered 'mainstream' in certain regions only.

We believe that the 'mainstreaming process' could be a proper way for Italian wine producers to penetrate the Chinese wine market. In order to prove this point, the next paragraph will present a literature review and some characteristics of the Chinese wine market environment. Furthermore, we will explain the advantages of undertaking the 'mainstreaming process' for Italian wines.

The article proceeds as follows. The next paragraph presents a literature review. Paragraph three presents a statistical research which aims at finding out Chinese customers' attitudes and knowledge of imported wines, especially Italian wines. Paragraph four presents all significant results of the statistical research, along with an explanation of such results. Paragraph five proposes a marketing strategy consistent with the literature review and the statistical research that have been carried out.

In conclusion, this article describes how to achieve a successful 'mainstreaming process' by designing a proper marketing strategy. The whole procedure is conducted on the basis of a literature review and on a statistical research carried out in Beijing.

Literature Review

According to data from the China Market & Media Survey (CMMS), in 2006 wine drinkers in China were mainly middle-age and young people (25–44 years old).

They are mainly white-collars and company employees with a middle income—from 1,500 to 4,999 Yuan/month—(Xiaolin 2010). The following table illustrates the general situation of wine consumers in China (Table 1).

According to table one, people with an income between 1,500 and 5,000 Yuan (average income in China) become major wine drinkers. These people are standard employees in the business sector and white collars. They also represent the largest working population in China's urban areas.

Except for individual wine consumers, governmental departments and State-Owned Enterprises (SOEs) are also important wine consumers. A piece of news released in 2011 showed that Sinopec (a SOE in China) spent more than 5 million RMB (625,000 Euro) to purchase spirits and wines. The company explained the purchase by saying that delegations from governmental offices and other SOEs needed to be entertained (Hui 2011). Another report says that every year, over 70 % of the total ''Maotai'' (one of the top Chinese spirit brands) production is sold directly to governmental organizations. The total value reaches 16.6 billion RMB (2.08 billion Euro) (Fei 2012).

Competitors of Italian wine producers in the Chinese wine market can be divided into two categories: imported wines from countries other than Italy and domestic wines.

The major countries that export wine in China are listed below. The top ten list (according to sales, volume and price) is ranked in the Tables 2, 3.

Table 1 Background of wine consumers (Xiaolin 2010)

Mass consumers (CMMS)	Percentage
Male	66.2
Female	33.8
15–24 years old	17.1
25–34 years old	28.2
35–44 years old	28.8
45–54 years old	17.1
55–64 years old	8.9
Government officials	3.9
Technicians	12.7
Managers	16.1
Employees in company	17.5
Employees in business, service and manufacturing sectors	22.7
Self-employed workers and owners of individual enterprises	10
Freelancers	1.6
Income < 1,499 Yuan (<190 Euros)	30.2
Income 1,500–2,999 Yuan (190–375 Euros)	41.2
Income 3,000–4,999 Yuan (375–625 Euros)	11.1
Income 5,000–6,999 Yuan (625–875 Euros)	2.5
Income > 7,000 Yuan (>875 Euros)	1.1

Table 2 Sales volume of imported wine in China (2009) (Richard 2010)

	Bottled shipment (thousand cases with 6 bottles each)	Bulk shipment (thousand cases with 6 bottles each)
Sales by Country		
France	4,511	365
Australia	2,072	2,174
Chile	756	4,752
Italy	700	45
United States	695	413
Spain	516	406
Argentina	181	319
South Africa	166	336
Germany	163	34
New Zealand	108	11

According to Tables 2, 3, France is China's first supplier of imported bottled wine, with more than double the volume of its nearest competitor, Australia. Although it is supplied in low volumes, New Zealand wine holds the highest shipment value. Italy is ranked as the fourth largest supplier of bottled wine. Therefore, Italian wines have a large growth potential in the Chinese wine market.

The top selling brands among imported wines by volumes of sales in 2009 were: Castel Freres and Rochemazet form France, Felix Solis from Spain, Jacobs Creek from Australia and Concha Toro from Chile (Janeen 2010).

For Italian wine producers, Chinese domestic competitors are fiercer than foreign competitors. In 2009, domestic wines held a market share of 88 % (111 million cases) in the Chinese wine market. The remaining 12 % was the market share of imported wines (15 million cases). The top three domestic wine producers hold a

Table 3 Price of imported wine in China (2009) (Richard 2010)

	Bottled shipment (USD per case)	Bulk shipment (USD per case)
Average prices by Country		
New Zealand	72.60	19.98
Germany	44.59	15.36
France	40.15	12.61
Australia	38.65	7.69
Italy	32.26	9.26
Chile	31.84	6.50
South Africa	31.63	5.57
USA	30.08	11.35
Spain	26.66	5.27
Argentina	25.82	5.55

market share by volume of 49.2 % (Echanove 2011). They are Chang Yu, Great wall and Dynasty.

Yantai Chang Yu Company Limited is the leading player in the Chinese wine market, accounting for 20.1 % of market share by volume in 2009 (Guangyu 2012: 12–13). The company's product portfolio consists of dry red wine, dry white wine, sweet wine, sparkling wine, brandy, and 'healthy' wines. Healthy wine is a kind of wine produced by the juice of some Chinese medical herbs and considered healthy by drinkers. The company markets its products under brand names such as Changyu AFIP, Changyu Cabernet Gernischt, Changyu Kely, Changyu-Castel and star Shield. Yantai Changyu Group also markets imported wine brands such as Disaronno and Talea.

Two other major domestic players are China Great Wall Wine Co. Ltd. and Dynasty Grape Wine Co. Ltd. The first one was established in 1989 under the control of China Oil & Foodstuffs Corporation, the largest SOE in the food and edible oil business (Jianjie 2012). Thanks to its official identity and to plenty of capital available, Great Wall Group has established the biggest China-based wine production covering three provinces (Beijing, Hebei and Shandong). Furthermore the brand of Great Wall has been imposed as the sole alcohol beverage brand to be used at governmental banquets at national level as well.

Dynasty Grape Wine produces as many types of wines as any of the two top wine brands. However, its market share is the smallest among them and accounted for only 13.7 % in 2011 (Wei 2012).

As described above (Table 3), the price of Italian wine in China is similar to most imported wine (Chile, South Africa, USA, Spain and Argentina); however it is much lower than the price of wines from New Zealand, France and Australia. According to research on the Chinese wine market, the high-end wine market occupies less than 5 % of the total sales volume in China. France, Germany, New Zealand and Australia have shared this market segment already (Shubo 2011: 12–20).

Generally, retail prices of domestic wines range between 100 and 400 RMB (12–50 Euros) (Shuping 2011). Whereas imported wine brands are sold with prices between 400 and 4,000 RMB (50–500 Euros) (Jie 2011). Since the end of 2011, the duty on imported wine has been decreased again and set at 14 % (Weiliang 2011). This allowed imported wine producers to mark down their prices.

Methodology

Research Method

This paragraph describes the survey methodology that has been applied in order to analyze people's knowledge and attitude towards imported wines. This survey was carried out in Beijing. This city has been chosen over other main Chinese cities because it is home to an enormous combination of people of any kind, with any kind of jobs and ideas. It will then be easier to predict people's opinions towards wine and their willingness to consume it using the data of a Beijing-based research. Another reason for choosing Beijing is that the governmental services for foreign business operators are developed there. It would therefore be cost-effective and fast to start a business in Beijing when entering the Chinese market. The survey aims at finding out which kind of people is fond of wine in Beijing, including information on their sex, age, and career. The following questions are supposed to be answered by this research: why people drink wine; people's attitude towards wine, especially Italian wines; where people consume wines; would people choose wines as a gift? Are the choices of respondents related to their difference in age, gender and career?

Sampling and Questionnaire Preparation

Two decisions need to be made in this part: sampling methods and sampling size.

The stratified sampling method has been adopted in this research. The core of this sampling method is that it divides the target population into a number of strata according to significant criteria such as sex, age, economic status, etc. The strength of this sampling procedure is that it allows all population groups to be represented in the final sample.

The sample size is decided according to four key elements: correlation coefficient, confidence level, statistical power and test-tails. Since we were looking for small size effects, in order to determine the sample size we have assumed that the value of 'r' was 0.1. A confidence level of 95 % and a statistical power of 0.8 were adopted. A two-tailed Chi square test method was adopted, as we regard as relevant the directions of two variables' correlation. Once the four key elements above have been decided, a G*power software has been used to determine a minimum sample size of 779.

Data Collection

The data collection process has been undertaken in Beijing, sending and collecting printed questionnaires. All respondents have received one little gift worth 8 RMB (1 Euro) therefore, the total cost for the data collection process has been 779 Euros. Owing to the very simple procedure adopted for data collection, no training was required for data collectors.

Results

Descriptive Statistics

We have described the main statistical results using a SPSS software package: Table 4.

About 40 % of the total sampling group has no impression about Italian wines. They are also the largest group of all respondents. However, more than 31 % of respondents think that Italian wine tastes good. This result has shown us that most Chinese wine drinkers believe that Italian wines are tasty. This is the main advantage for Italian wines to become a 'mainstream product' in the Chinese

Table 4 Opinion_about_Italian_Wine

	Frequency	Percent	Valid percent	Cumulative percent
Valid				
No impression	312	40.1	40.1	40.1
Same as others	95	12.2	12.2	52.2
Nice taste	245	31.5	31.5	83.7
High quality low price	105	13.5	13.5	97.2
Other feelings	22	2.8	2.8	100.0
Total	779	100.0	100.0	

market. At the same time, lack of effective marketing activities is the fatal weakness of Italian wines sales in China (Table 5).

48 % of respondents know where to buy imported wines when they want to. This result shows us that Chinese wine consumers are becoming familiar with imported wine. They are starting to get used to imported wines and gradually to accept them. This is a chance for Italian wine producers to make people more knowledgeable about Italian wines without too much difficulty (Table 6).

Almost one-third (30 %) respondents drink wine because of social intercourse needs. This is also the largest group of people among all samples. 28.9 % of participants drink wine because they want to relax. This result can suggest an effective marketing path: for instance, the relation between wine drinking and friendship establishment could be emphasized (Table 7).

When domestic and imported wines have the same price, 73.7 % of respondents would choose imported wines. However, as mentioned above, the actual market share of imported wine in China is only around 12 %. This statistic result shows that Chinese clients have strong willingness of consuming imported wines but the main obstacle is the high price of imported wine brands. As we can see, under the condition of the same price, most respondents are willing to choose imported wines over domestic brands. This result provides Italian wine producers with a strong reason for undertaking the 'mainstreaming process' in the Chinese market. Indeed, when the price of Italian wines is similar to the price of domestic brands, most customers would choose Italian wines (Table 8).

Table 5 Know_Where_to_Buy_Imported_Wine

	Frequency	Percent	Valid percent	Cumulative percent
Valid				
Yes	374	48.0	48.0	48.0
Need to look for	305	39.2	39.2	87.2
No	100	12.8	12.8	100.0
Total	779	100.0	100.0	

Table 6 Why_Drink_Wine

	Frequency	Percent	Valid percent	Cumulative percent
Valid				
Mental relaxing	225	28.9	28.9	28.9
Be fond of wine	87	11.2	11.2	40.1
Social intercourse need	234	30.0	30.0	70.1
Improve life taste	172	22.1	22.1	92.2
Other reasons	61	7.8	7.8	100.0
Total	779	100.0	100.0	

Table 7 Which_Wine_to_Buy

	Frequency	Percent	Valid percent	Cumulative percent
Valid				
Domestic brands	205	26.3	26.3	26.3
Imported brands	574	73.7	73.7	100.0
Total	779	100.0	100.0	

According to our research, 34.1 % of total sample are more likely to drink wine in restaurants. Almost one quarter (23 %) of all participants drink wine at home. More than 30 % of respondents drink wine in bars or karaokes.

This result is somehow in contradiction with the already quoted data by China Economic News (2011). The major difference is that, according to our research, people who consume wine at home are 23 % of total respondents. This percentage is much higher than the one provided by China Economic News (2011). This suggests that the reasons for consuming wine in China are becoming more personal than in the past: more and more people drink wine because of their personal needs. Indeed, when people consume wine at home they don't have to concern about enhancing social relationships, amusing their friends or sending gifts. 'Home-consumption' itself proves that people only want to relax and enjoy themselves when drinking wine.

Table 8 Where_to_Consume

	Frequency	Percent	Valid percent	Cumulative percent
Valid				
Restaurants	266	34.1	34.1	34.1
Bars	110	14.1	14.1	48.3
At home	179	23.0	23.0	71.2
Karaokes	178	22.8	22.8	94.1
Other places	46	5.9	5.9	100.0
Total	779	100.0	100.0	

Table 9 Choose_Imported_Wine_As_A_Gift

	Frequency	Percent	Valid percent	Cumulative percent
Valid				
Yes	511	65.6	65.6	65.6
No	268	34.4	34.4	100.0
Total	779	100.0	100.0	

This result is also a bright signal for the 'mainstreaming process' potential. Since more and more people become fond of wine drinking, Italian wines will face less obstacles in their way to becoming mainstream products (Table 9).

Most participants (65.5 %) would choose to buy imported wine as a gift. Again, this result shows that Chinese people have a strong need of imported wines. Since China is a country which appreciates gifts, this potential market is huge (Table 10).

60.8 % of respondents receive information about wines via internet and TV. This result suggests the need of TV and internet-based promotion strategies.

The role of sex, age and career in wine consumption.

The basic statistic results of people's opinions towards wine and other information related to imported wine have already been illustrated. In this part, we will try to answer the following questions: 'Are respondents' choices related to their differences in sex, age and career? If so, how are they related?' Crosstab and Chi square tests have been applied.

The following Chi square tests have been conducted for 'gender': (a) Gender * Opinion_about_Italian_Wine (p value = 0.000); (b) Gender * Know_Where_to_Buy_Imported_Wine (p-value = 0.005); (c) Gender * Why_Drink_Wine (p-value = 0.000); (d) Gender * Which_Wine_to_Buy (domestic or imported brands; p-value = 0.409); (e) Gender * Where_to_Consume (p-value = 0.000); (f) Gender * Choose_Imported_Wine_As_Gift (p-value = 0.101); (g) Gender * Where_to_Get_Information (p-value = 0.000). Results are illustrated below.

1. Among male and female respondents, more male respondents think that Italian wine has good taste and its cost is comparatively low for their quality; they know where to buy imported wine; they drink wine because they are fond of it

Table 10 Where_to_Get_Information

	Frequency	Percent	Valid percent	Cumulative percent
Valid				
TV	175	22.5	22.5	22.5
Internet webs	298	38.3	38.3	60.7
Newspapers	35	4.5	4.5	65.2
Magazines	144	18.5	18.5	83.7
Others	127	16.3	16.3	100.0
Total	779	100.0	100.0	

and for social intercourse needs; they consume wine mostly in bars and karaokes; they receive information about wines via internet or magazines.

2. More female respondents declare that they have no impression on Italian wines; they do not know where to buy imported wine; they drink wine because of mental relaxing needs; they drink wine mostly in restaurants or at home; they receive information about wine mostly on TV.
3. There is no statistically significant gender difference regarding the attitudes towards domestic or imported brands, or the choice of imported wines as gifts. Individuals' general preference of imported wine brands might be the cause of these two results. In other words, no gender-based contradiction is detected in the aspects of 'choosing imported wines to consume or as a gift'.

After finding out the relations between individuals' gender difference and their considerations about imported wines, the relations between age and attitudes towards imported wines, especially Italian wines, have been identified. The following Chi square tests have been conducted: (a) Age * Opinion_about_Italian_Wine (p-value = 0.000); (b) Age * Know_Where_to_Buy_Imported_Wine (p-value = 0.124); (c) Age * Why_Drink_Wine (p-value = 0.000); (d) Age * Which_Wine_to_Buy (p-value = 0.000); (e) Age * Where_to_Consume (p-value = 0.000); (f) Age * Choose_Imported_Wine_As_Gift (p-value = 0.000); (g) Age * Where_to_Get_Information (p-value = 0.000). Results are illustrated below.

1. As far as the age variable is concerned, the group of people aged 15–25 declares that Italian wine is tasty, high quality and has a low price; they drink wine because they are fond of it and for needs of social intercourse; they would choose to buy imported wine if the price of imported and domestic wine were the same; they consume wine mostly in bars; they would choose to buy imported wine as a gift; they get information about wine mainly via internet.
2. More people aged between 26 and 35 provide the same answers as the group between 15 and 25 years old. Except that respondents between 26 and 35 are more likely to drink wine because of mental relaxing reasons and they mostly consume wine in restaurants and karaokes. Furthermore they get information about wine not only on the net but also in magazines.
3. More respondents between 36 and 45 years old provide the same answers as the group between 26 and 35. Except, they mostly answer 'No' to the question 'Would you choose imported wine as a gift?'.
4. Respondents between 46 and 55 declare to have no impression on Italian wine; they drink wine because they need to enhance social relationships and they want to improve their life taste; they would buy domestic wine if it had the same price as imported wine; they drink wine mostly in restaurants; they would not choose imported wine as a gift; they receive information mainly on TV and newspapers.
5. Respondents who are over 55 years old provide the same answers as the group between 46 and 55 years old. Except for the reason of drinking wine: they do because they like wine and want to improve their life taste; they drink wine mostly at home.

6. There is no statistically significant age difference regarding where to buy imported wine. This result reminds us that people's need of buying and consuming imported wines is not based on their age stages.

The relation between customers' attitudes towards imported wines and their careers has been investigated. The following Chi square tests have been conducted: (a) Career * Opinion_about_Italian_Wine (p-value = 0.330); (b) Career * Know_Where_to_Buy_Imported_Wine (p-value = 0.332); (c) Career * Why_Drink_Wine (p-value = 0.000); (d) Career * Which_Wine_to_Buy (p-value = 0.500); (e) Career * Where_to_Consume (p-value = 0.000); (f) Career * Choose_Imported_Wine_As_Gift (p-value = 0.408); (g) Career * Where_to_Get_Information (p-value = 0.101). Results are illustrated below.

1. As far as the career variable is concerned, respondents working in finance, engineering, education, fashion and design declare to drink wine because they are fond of it; they need to relax and they want to improve their life taste. Respondents working in public administration, sales, catering and recreation declare to drink wine mainly because of their need of social intercourse. Respondents who work in medicine drink wine mainly for mental relaxing and life taste improvement purposes.
2. Respondents who work in finance drink wine mainly in restaurant. Respondents who work in engineering and technology drink wine mainly in bars and at home. Respondents who work in education drink wine mainly in restaurants, karaokes and at home. Respondents who work in public administration and sales drink wine mainly in karaokes. People who work in medicine drink wine mainly at home and in karaokes. People who work in fashion and design drink wine mainly in bars. Respondents who work in catering and recreation drink wine mainly in restaurants and bars.
3. There is no statistically significant effect of career differences on opinions about Italian wine, places where to buy imported wine, attitudes towards imported and domestic brands, the function of imported wines as gifts on or where to get information about imported wines.

These statistic results remind us of the importance of targeted marketing strategies. According to the relevance between customers' personal characteristics (sex, age and career) and their wine-drinking habits (such as reasons for wine consumption, favorite places where drinking wine, attitude towards wine, etc.), an accurate and feasible marketing strategy would be able to target more specific groups of potential customers.

Discussion

Culture Construction

The statistical research and the literature review enable us to find out one of the most significant weaknesses of Italian wine brands in the Chinese market: no specific impression of it is left in Chinese customers' minds. Therefore, we need to discuss some feasible solutions in order to develop an 'Italian wine culture'.

Different Wine Suits Different Food

As we know, wine drinking is not only about what to drink, but also about what kind of food is needed to match the wine.

Introducing Italian food in China in order to match the correct wine is not a viable solution. First of all, Italian food in China has not been widely accepted yet. Most people find its taste strange (Yun 2010). Secondly, ingredients to make this food are not available or are too expensive for common people.

A wise way to improve the impression of Italian wine in Chinese people's mind is to establish relations between Italian wine and Chinese popular dishes. For instance, the ''Guangdong dishes'' (Yue Cai) are mainly cooked with fresh sea food. This way of cooking attaches much importance to maintaining the original flavors of cooking ingredients (Wen 2008), which is very similar to the Italian seafood cooking methods.

Wine Drinking is Healthy to People

The concept that 'to drink a proper quantity of alcohol is healthy' is engraved in Chinese people's mind since ancient times (Eijkhoff 2000). However, 'alcohol' refers to Chinese traditional spirits rather than wine. Nowadays most Chinese also admit that drinking wine is healthy. Nevertheless, Italian wine producers have to explain them why, providing details and facts.

Construction of a Wine Classification System

Unlike Italy or France, China does not have its own wine classification system (Eijkhoff 2000). Although some domestic wine producers are trying to establish their own classification systems, no classification has been officially approved by the government (Jingyu 2012). The classification system of Italian wine is already complete and mature. It would be necessary for Italian wine producers to 'plant' their own classification system into the Chinese market in order to make their wine more attractive to Chinese customers.

In order for Chinese customers to become familiar with the Italian classification system, some efforts should be made. First of all, Italian wine producers should give Chinese names to their classifications, thus replacing the 'VdT', 'IGT', 'DOC' and 'DOCG' on bottle labels with Chinese names. These names cannot be mere transliterations because they would fail to leave a deep impression on people and also, some of them are difficult to read in the local language. Secondly, the Chinese classification names and what they mean should be 'planted' into people's mind through advertisement.

Market Positioning

On the basis of the results summarized in part 4, the following market positioning strategies should be performed in order to fulfill the ''mainstreaming process'' for Italian wines.

Basic Positioning

The basic positioning includes three types: high-end positioning; middle-end positioning and low-end positioning. As we have indicated before, the high-end wine market share is mainly occupied by French and New Zealander wine brands and the 'expensive' culture has been accepted by most Chinese consumers. It would not be wise for Italian wine producers to enter this market share since it would take long time and need huge expenditure. Italian wine producers should place their efforts on the middle-end position of China's wine market as it is both the less exploited and the most promising.

Characteristic Positioning

This positioning strategy refers to the specific characters that wine producers want to pass on to potential consumers. It concerns four main aspects: customers' characteristic positioning; functional characteristic positioning; producers' characteristic positioning and public relations characteristic positioning.

About the customers' characteristic positioning, Italian wine producers should aim at the 'middle class' group in China because they represent the major part of Chinese wine drinkers. The 'middle class' group in China is characterized by people who mainly work as business employees, white collars and senior managers, aged between 25 and 45. Their yearly income is between 30,000 and 100,000 RMB (3,800–13,000 Euro).

The functional characteristic positioning refers to the reasons why wine is consumed. Several functions of wine drinking have already been promoted into Chinese consumers' minds. They mostly refer to the healthy value and royal taste. However, if we take our statistical research as a reference, we understand that the most common reason for drinking wine (30 % of total wine drinkers) is the need of establishing social relations. Furthermore, individuals' need to use wine as mental relaxing solution is also a significant trigger of wine consumption (28.9 % of total wine drinkers). This is also shown by the wine consumer analysis. We have already found out that the major wine drinkers group is made of people aged between 25 and 45, who face more pressure than any other group in society because, as a Chinese saying goes, *'Above is the old and under is the young'*. Their mental need of relaxing is strong and wine just happened to be their choice to get into the relaxing state. All in all, the functions of 'mental relaxing' and 'friendship establishment' can be used and promoted as a functional positioning strategy by Italian wine producers.

The producers' characteristic positioning should embody Italian wine producers' specific characters. It could be southern European traditional characters with free style of opinion and life or some other Italian unique characters.

The public relations characteristic positioning is supposed to support the 'mainstreaming process', for example to emphasize how close wine is to people's daily lives.

Competition Positioning

Italian wines should avoid a pricing similar to French and New Zealander wine and avoid a marketing strategy similar to theirs. By doing so, Italian wine brands can avoid the fierce competition of the high-end wine market and save resources for Italian wine producers. At the same time, they would have better chance to obtain the middle-end market, which is also the largest wine market in China.

The empirical evidence suggests that Italian wine producers may take advantage by the fact that they are preferred to domestic ones if they have similar prices. This is also a way for Italian wine brands to access the middle-end wine market in the short term.

Marketing Mix Strategies

Marketing mix strategies directly affect the success or failure of an investment or a business action. We have performed a segmentation of China's wine market and tried to position Italian wines into the right segment. All this is conducted in order to establish marketing mix strategies. In this part, we will try to figure out a proper marketing mix strategy for Italian wines in the Chinese market, on the basis of collected data.

Pricing Strategy

In the case of Italian wine, the competitive price should be the same price as or slightly higher than domestic wine, which is generally sold for 100–400 RMB (12–50 Euro) (Shuping 2011).

With this price range, Italian wine will be able to take its first step towards the 'mainstreaming process' and gain a competitive advantage among domestic wine brands in the short term.

Product Strategy

To achieve an effective product strategy, four product decisions should be made: 'product-design strategies', 'product-features strategies', 'product-quality strategies' and 'product-brand strategies' (Joyce 2011).

Italian wines are already outstanding from the aspect of product and they are fully qualified to enter the Chinese market. Here we would like to introduce some additional product characteristics that Italian wine producers should search in order to develop and enhance their chance of entering the Chinese market and to gain a competitive advantage fast.

Apart the 'product-design strategies' already conducted by Italian wine producers, there is one aspect to which they should pay special attention in the Chinese market: designing Chinese brand names. Till now, the major Italian wine brands in China have Chinese names which are pronounced similarly to Italian names. These names are very difficult for Chinese customers to memorize. For instance, 'Chianti' in China is called 'Ji Ang Di', ''Brunello'' is called ''Bu Lu Na Luo''. In Chinese, all these names sound strange and do not mean anything at all. A meaningful and nice-to-hear Chinese name should be designed for all Italian wine brands marketed in China.

Regarding 'product-features strategies', in order to distinguish themselves from other imported wines, Italian wine producers could also amplify the following features that belong to Italian wines only.

First is the function of mental relaxing. According to the data collected above, 28.9 % of Chinese wine consumers drink wine in order to relax nerves and kill negative moods. This product feature strategy could be a breakpoint for Italian wines to occupy the Chinese wine market.

Second is to emphasize the feature of bonding friendships among people. Based on the information collected in our empirical research, we can see that 30 % of wine drinkers believe it is a good way to establish or enforce friendships with others. Wine drinking is an effective tool for them to reach the objective.

As far as 'Product-quality strategies' are concerned, the Italian wine industry is well known for its quality-guaranteed systems and is already classified at the top level of wine quality all around the world. In addition to promoting that, Italian wine brands might develop flavors that are appreciated by Chinese clients.

'Product-branding strategies' are essential in order to pursue a 'mainstreaming process'. Italian wine brands should leverage the 'country of origin effect' and the unique Italian features: Italy has one of the most suitable climates to grow grapes; Italian style; Italy has a mature system of quality guarantee in wine producing.

Place Strategy

Concerning the choice of place, the second tier cities (as per our analysis of market segmentation) are the best target market for Italian wine brands. First of all, the costs of establishing a retail net in these cities are much lower than in first tier cities. Secondly, economic growth in the second tier cities is fast. The need of consumption for all commodities is growing fast. This would be the suitable time for Italian wines to enter this less competitive market.

Promotion Strategy

Till now, the most widely used promotion method for wine sales in China is advertising on TV and websites. Some other promotion methods could be used too: the sponsorship of famous television shows or episodes; performing national campaigns or public-benefit activities. For instance, the television program 'Voice of China' has recently become a very popular one; as a result, its sponsor (a new brand of cold tea) has been known by almost all Chinese people.

Another important promotion suggestion is to build good relationships with the governmental departments which have huge potential of consumption. As we have already mentioned, the governmental expenditure for dinners, buying new cars and visiting abroad has been of over 900 billion RMB (112.5 billion Euros) in 2011. It means that the consumption of alcohol beverage is huge. It is only a matter of penetrating this market share, as domestic wine brands have done already.

Conclusion

Transforming Italian wines into 'mainstream products' in the Chinese market is the best choice that most Italian wine producers can make. The term 'mainstream product' in this article refers to those products which are familiar in common people's daily lives not only from the aspect of culture but also at level of price, place, product and promotion. From this point of view, a 'mainstream product' is not the same as a 'well known' product, since a lot of 'well known' products are not designed and produced for common people.

The advantages of becoming a 'mainstream product' for Italian wine include: suit the trend of China's economic development and common people's income situation; occupy larger market shares in the short term; fulfill scale merits and improve the effectiveness of the supply chain.

In order to find out the feasibility for Italian wine producers to take steps towards transforming Italian wine into a 'mainstream product' in China, we have conducted a statistical research on Chinese people's opinions and knowledge of imported wines, especially Italian wine.

In the final part of this article, we have suggested a feasible marketing strategy for Italian wine producers in China's market.

Future empirical research should focus on other cities than Beijing, with special reference to second tier cities.

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