

China 2020

Building brand and sales online
in a virus-hit economy

April 20 2020

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China - The Digital Nation





The Chinese Wine Market

- The market value for wine in China is over \$AUD 40 Billion.
- At current growth levels China will become the 2nd largest national wine market in 2020.
- China has over 60 million regular wine buyers.
- Australian wine is #1 by value in the Chinese mainland market with \$1.2bn annual value, a rise of 18% on the prior year.
- Year on year Australia's share of the Chinese market grew by 30% in the first four months of 2019.



The Online Wine Market

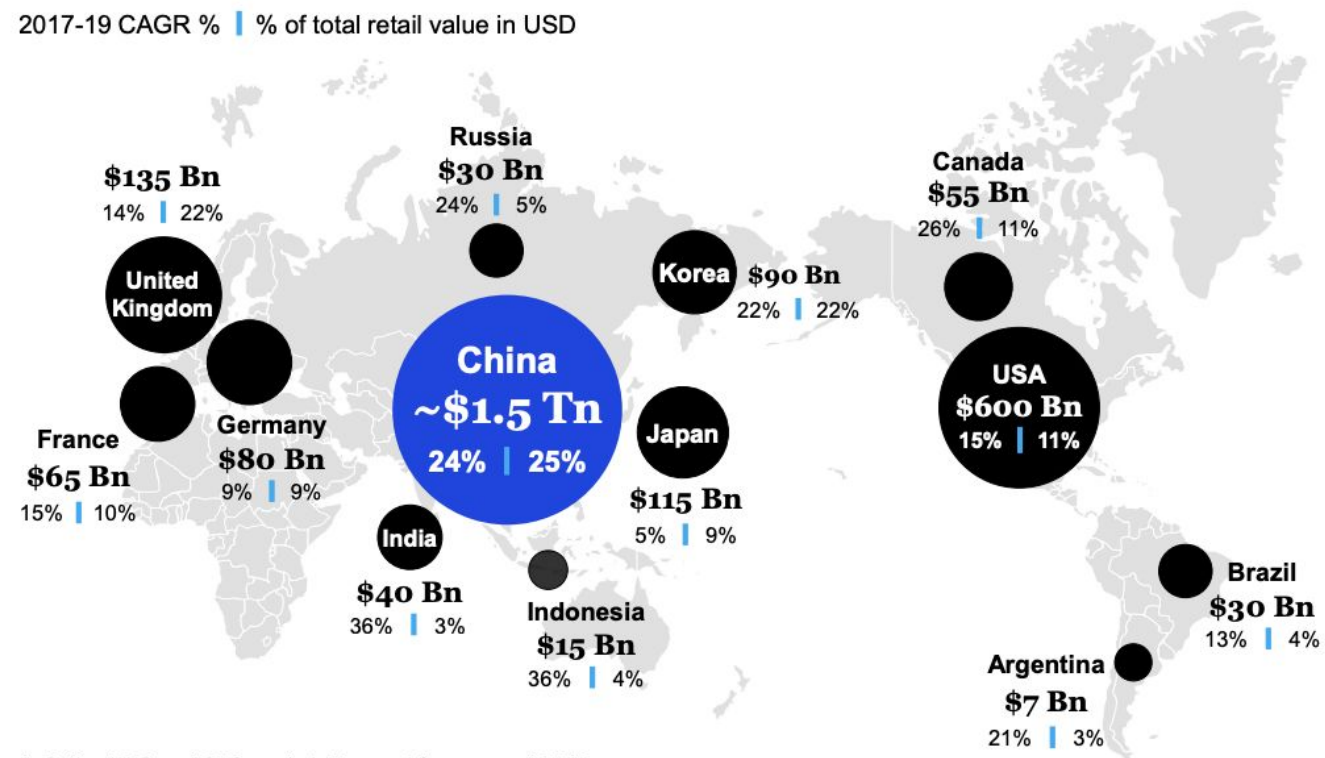
- 25% of all wine sales in China are online which is forecast to rise to 50% over the next decade.
- 70% of online wine sales are to consumers aged 20 - 40 years. Imported drinks are particularly favoured by 20 - 28 year olds.
- Singles Day imported wine volumes in 2019 were 3x and 4x the year prior in Tmall and JD respectively illustrating extraordinary growth in the numbers of younger wine buyers online.
- Coronavirus is likely to lead to an acceleration of consumers from traditional offline into online retail channels.

China - Global leader in eCommerce

Online retail transaction value

2019 forecast¹

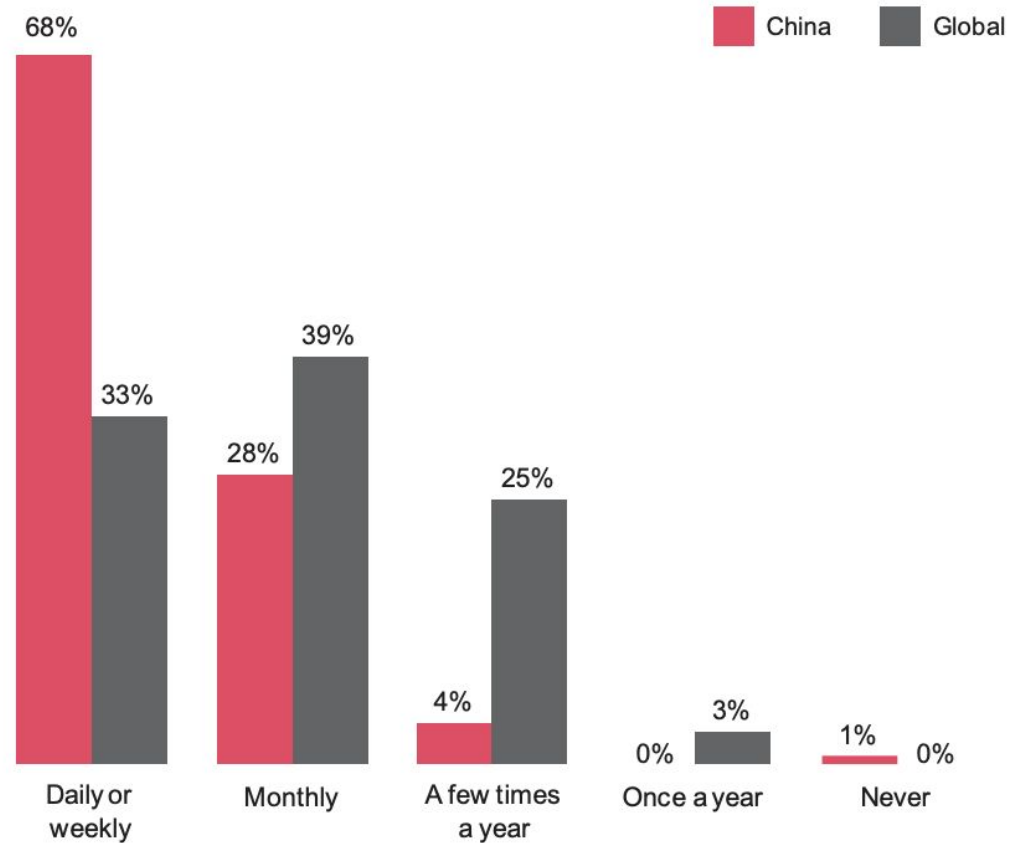
2017-19 CAGR % | % of total retail value in USD



1. Online B2C and C2C market; Forecast for year-end 2019

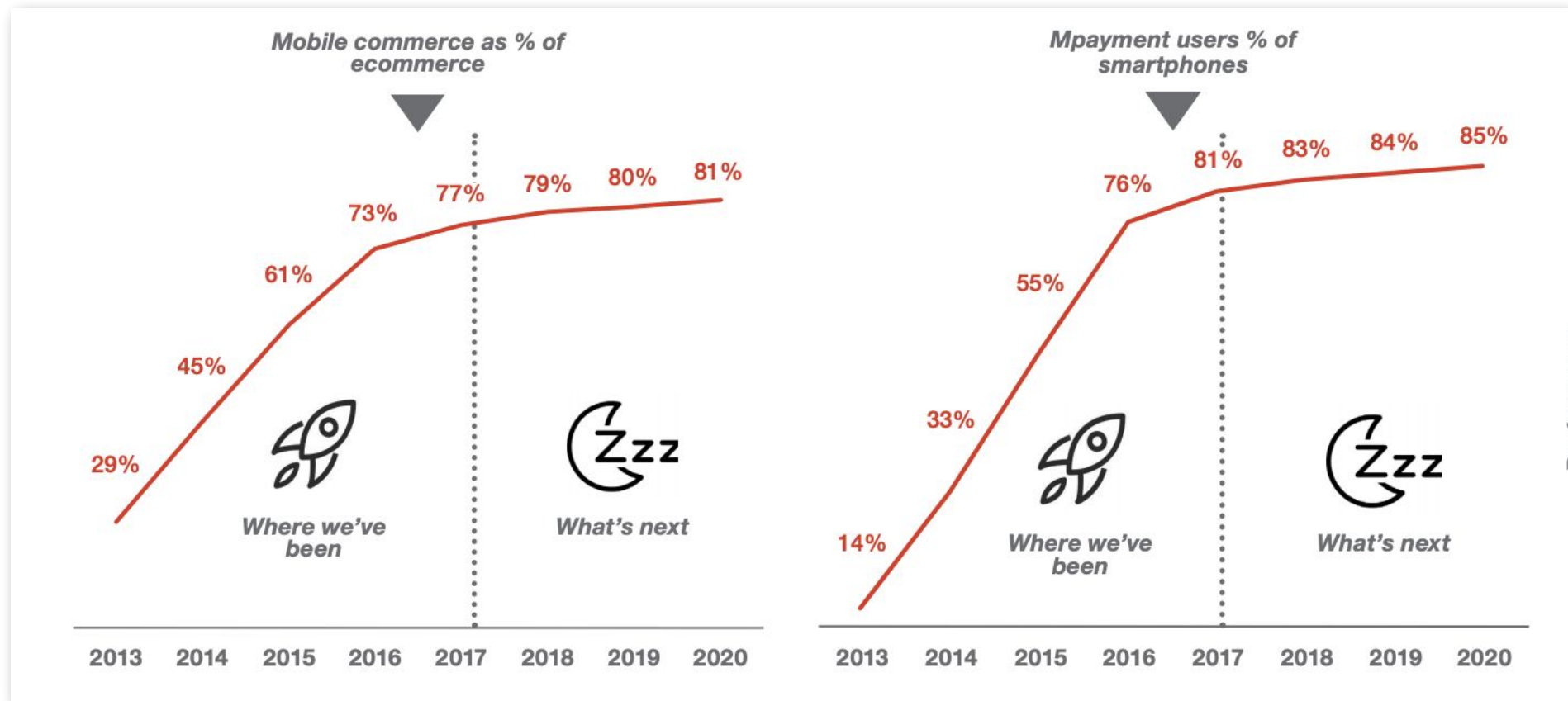
SOURCE: iResearch and MOFCOM for China; eMarketer; McKinsey China Digital Consumer Trends 2019

eCommerce is a way of life in China



Source: Global Consumer Insights Survey 2019 China report

Mobile eCommerce and Payments dominate



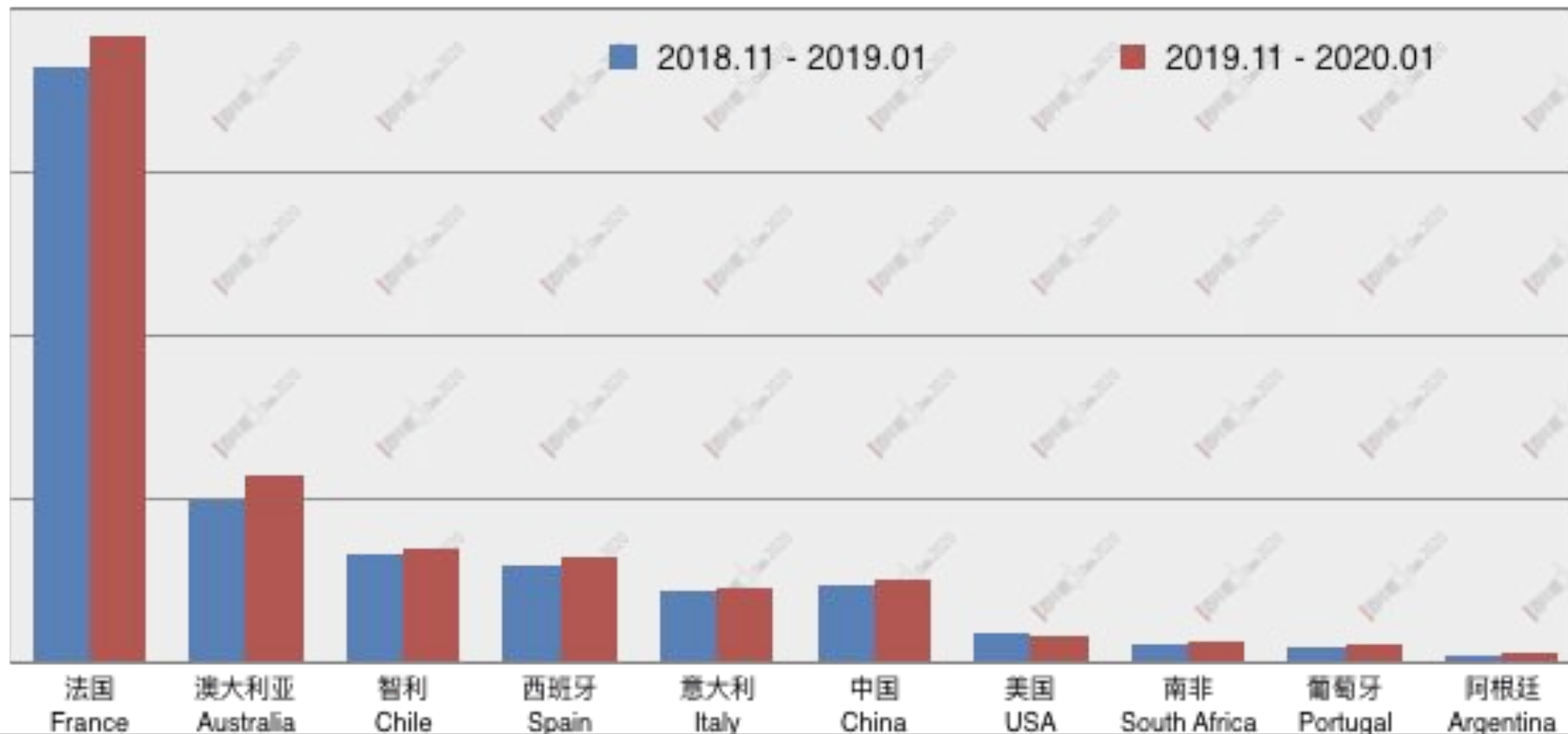


Australia's online opportunity

- While Australia is the largest importer by value into the China, the country underperforms online with $\frac{1}{3}$ as many online wine searches and $\frac{1}{2}$ the online wine sales of France.
- With generally younger and female consumers purchasing wine online, online buyers make up a significant proportion of future category sales in China so are a highly valuable market to target.
- The Coronavirus epidemic and its impact on restaurant and bar sales will also drive more consumers online.

Online Search Behaviour in China

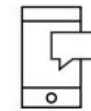
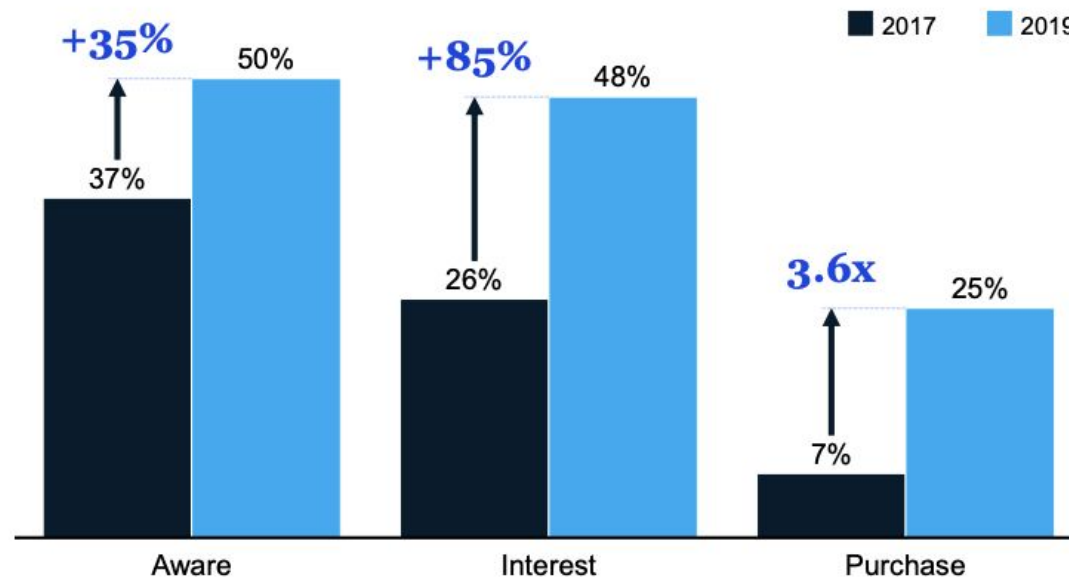
Top 10 Searched Countries - Baidu



Content platforms such as 9KaCha play a vital role

Influence of social media and content on the consumer journey

% of online shoppers who use social platforms to gain awareness / evaluate / purchase



Social is most important for
apparel,
beauty, and
package food
categories for engagement

SOURCE: iConsumer 2017; McKinsey China Digital Consumer Trends 2019

Introducing 9KaCha



02

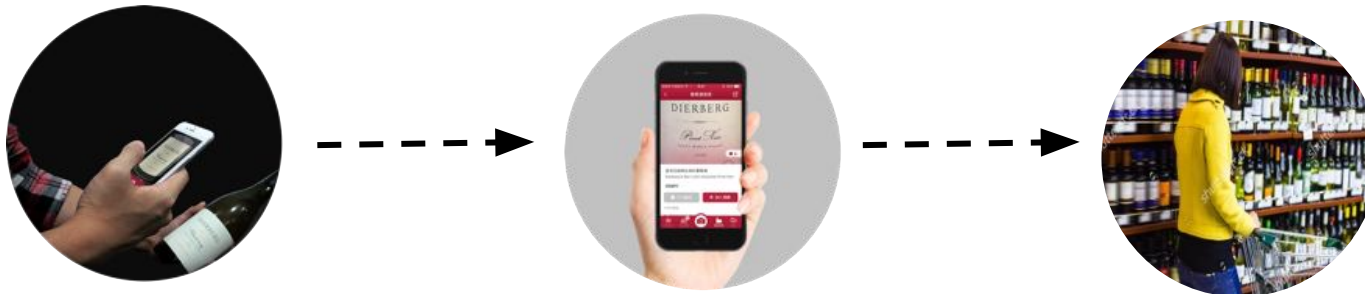
Business Background

- 9KaCha was founded in 2013 and has developed both wine label recognition software and a wine database to service Chinese wine drinkers. In comparison Wine-Searcher and Vivino both rely on third parties for their label recognition engine.
- 9KaCha is a privately owned company lead by its founders Zhi Feng Dong and Chaoyang Shao, with the world's largest whitegood manufacturer Haier investing USD \$10 million in 2016 to become a major shareholder. 9KaCha is also one of the first companies accepted into JD's AI startup accelerator program.

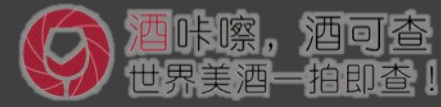


The 9KaCha Consumer Offer

- 9KaCha is a free Vivino like app downloadable through Apple and Android platforms that uses label recognition software and big data to provide a wine recommendation engine that helps consumers learn about and efficiently purchase 30,000 SKUS from 17 retailers including Tmall, JD.com, Jiuxian.com and Wine9.com.
- The combination of the great firewall of China plus language barriers and wine label complexity make locally hosted label recognition apps ideal for wineries to access the Chinese market.



Partnerships drive wide reach among highly engaged consumers



- 9KaCha has a range of partners to drive traffic and data for the wine recommendation engine. It is the exclusive partner in the wine sector with Baidu, the number one search engine in China. It also has arrangements to share data from JD.com, an influential eCommerce businesses in China, WeChat, Haier and Samsung.
- The 9KaCha database is currently searched over 20 million times per year by 1.5 million annual users providing wineries with access to a vast number of high engagement consumers. Over the next three years 9KaCha is aiming to increase its user numbers to between 3 and 5 million.
- With partners, 9KaCha content has a potential reach of over 600 million users via the app and WeChat subscribers plus from current partner platforms Baidu, JD, Haier and Samsung.



* Details of partner contracts can be provided on request

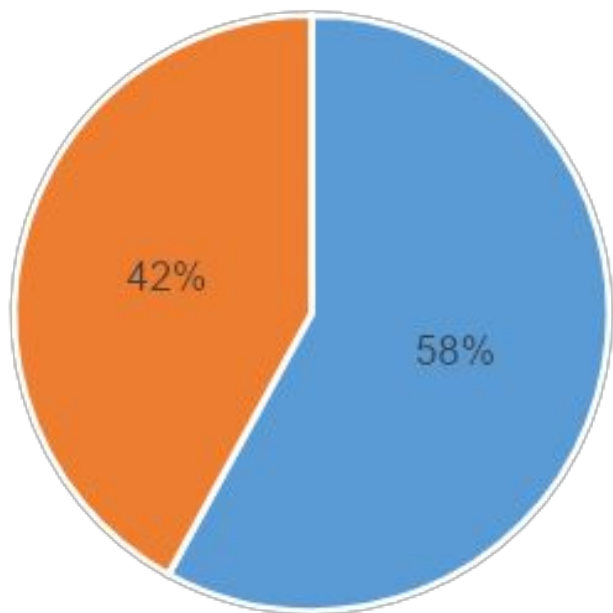
9KaCha assists wineries to reach young, digitally savvy consumers



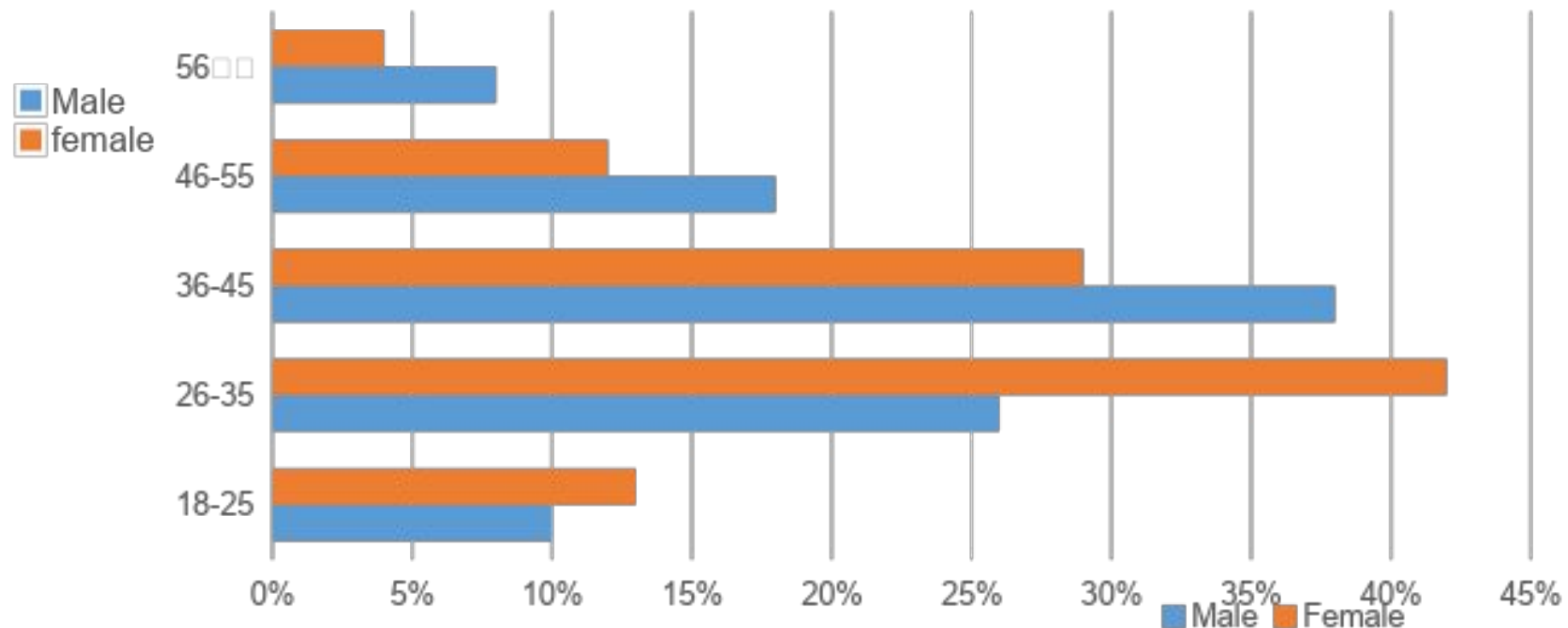
- 9KaCha's recommendation engine combined with significant content have made it the leading information resource for wine consumers in China with a highly qualified audience.
- 9KaCha assists wineries to drive eCommerce with a conversion rate to JD.com consumers of 3-7%. This compares to less than 1% average for online showing the power of label recognition apps and 9KaCha to drive wine sales in China.
- 9KaCha connects with a youthful, digitally-savvy audience that is vital to future wine sales in China, with an average age of 38 and high category interest. 9KaCha offers a cost-effective range of services to assist wineries in the Chinese market by increasing brand value and sales with this audience plus improved distribution.



Male and female users

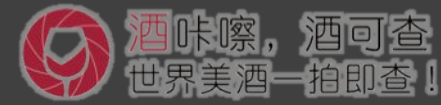


User age



Most users check in daily with an average of 15-20 sessions per month

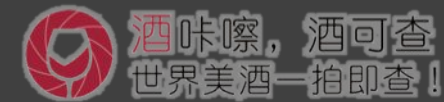
9KaCha can assist brands to build sales and brand value



- 9KaCha can assist Australian wine brands in the following ways:
 - Winery and SKU listings searched by over 1.5 million consumers with direct links to your eCommerce partners and distributors.
 - Provide vital third content including winery and wine reviews by Rob Geddes MW, one of China's top 10 wine influencers.
 - Gain preferential listings in 9KaCha product recommendations to drive eCommerce sales and brand awareness.
 - Build brand value via articles by Rob Geddes MW published by 9KaCha WeChat accounts and affiliates, plus videos and events.
 - Provide regular data snapshots of the online market in China.



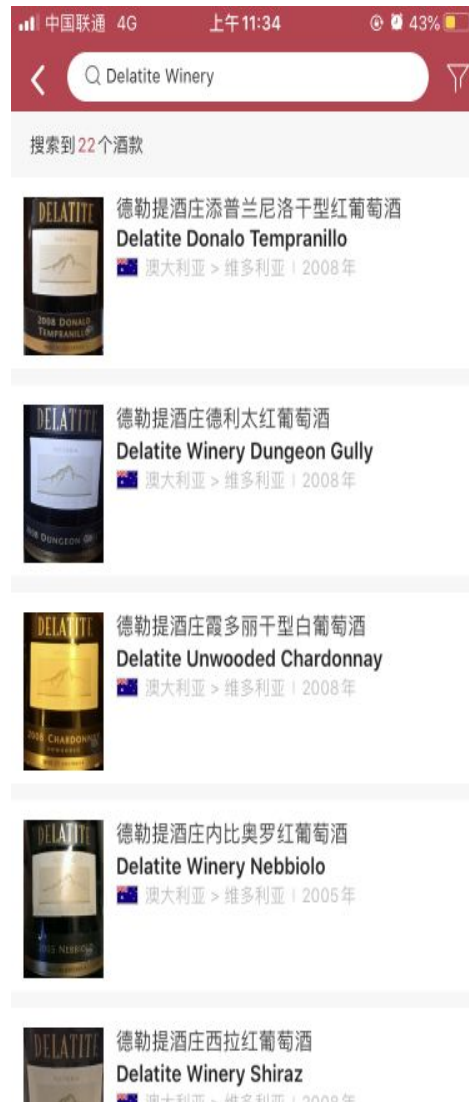
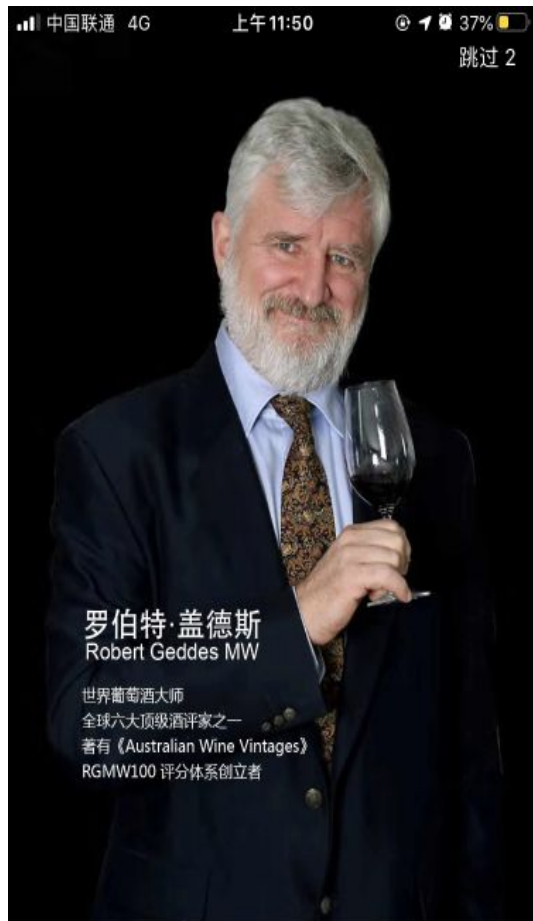
9KaCha can assist brands to build distribution in China



- 9KaCha has developed relationships with over 4000 distributors in China whom it already directs sales and general enquiries to via the app.
- 9KaCha provides a service to help wineries to identify and connect with suitable distribution partners by creating a brand portfolio and then targeting appropriate distributors based on winery sales requirements and target markets.
- Wineries can target distributors based on their location and key markets (on-trade, direct, eCommerce or retail)
- This service has to date been successfully used by wineries from Portugal, Spain and Italy to gain new distribution partners in various markets across China and is now available in Australia.



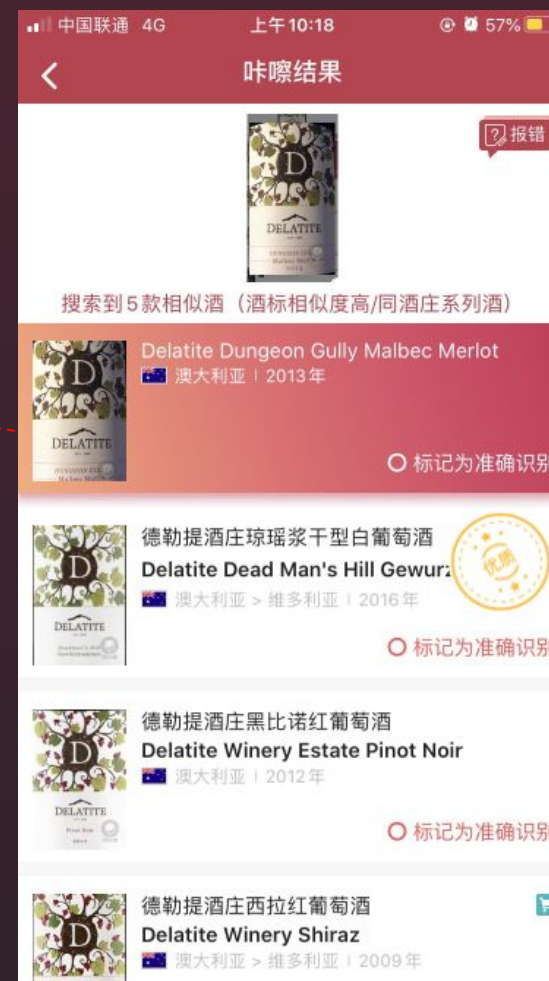
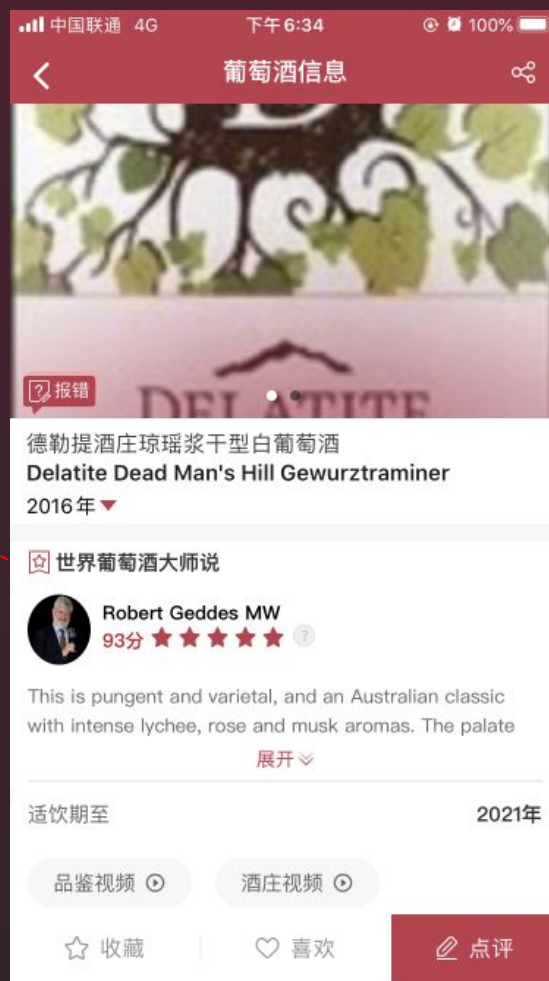
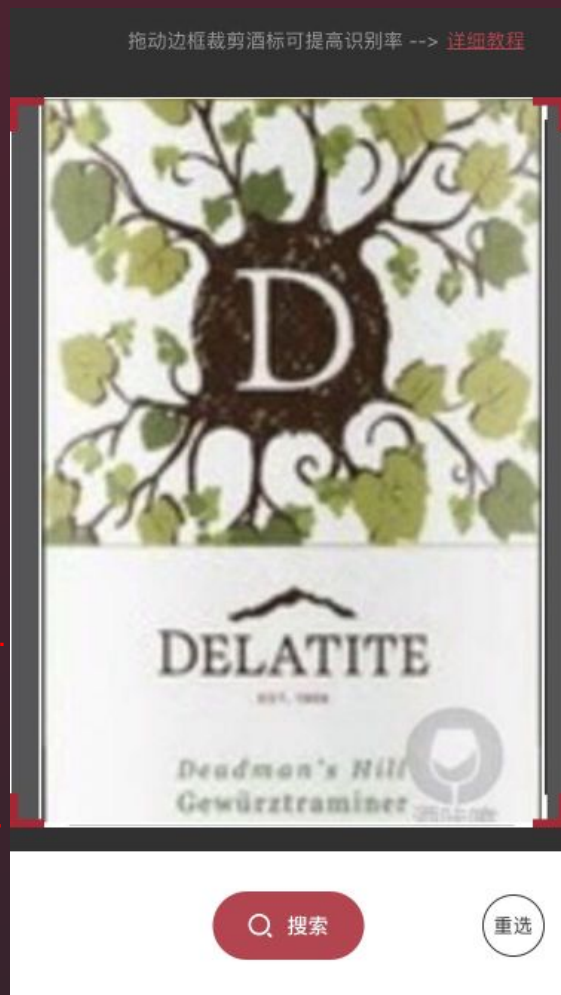
9KaCha - Consumer Experience



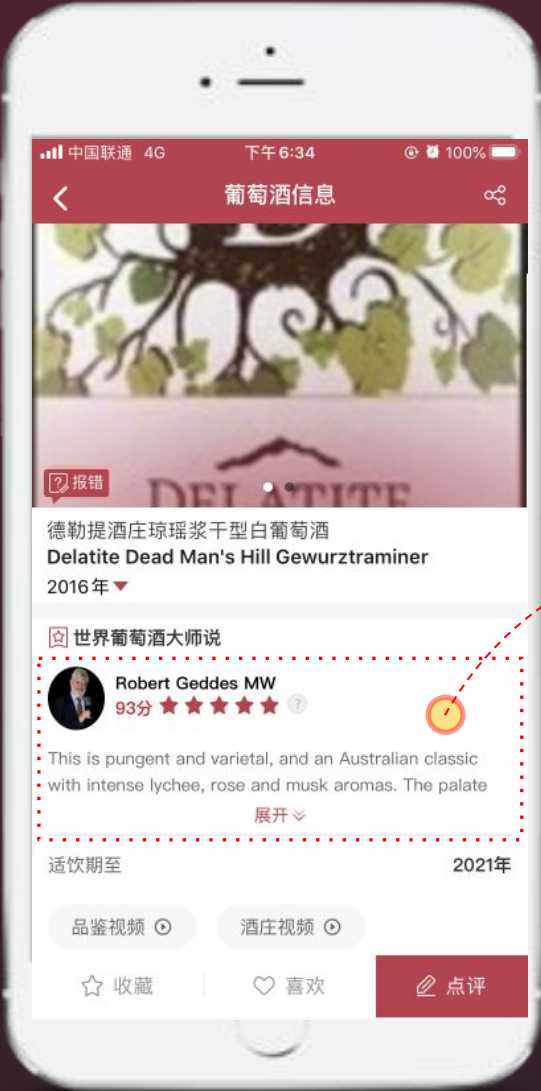
The journey from label recognition to purchase



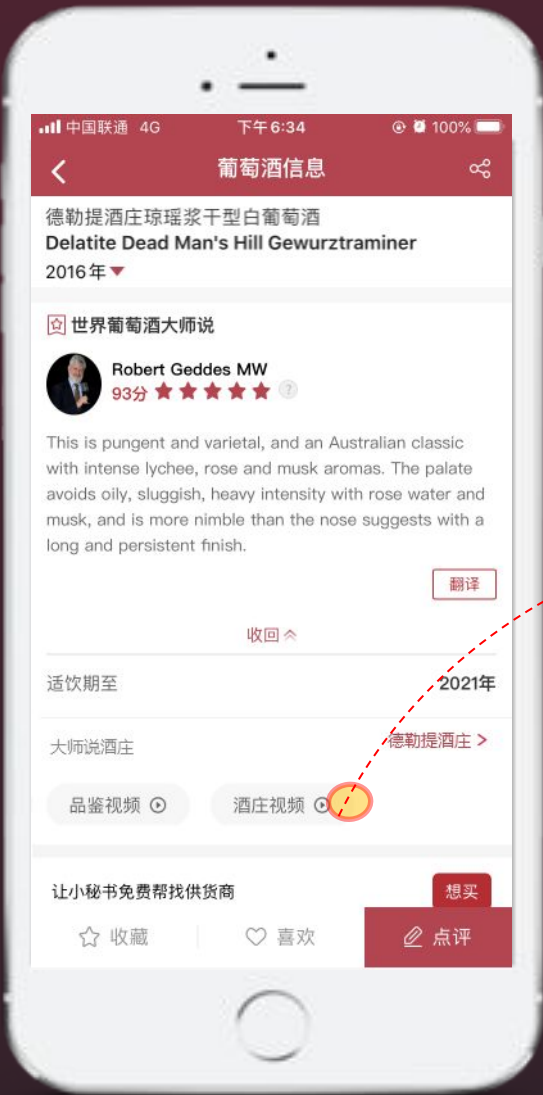
Expert reviews accessed directly from photo recognition



Expert scores and reviews translated into Mandarin



Expert and winery generated video integration



Wide Content Distribution



9KaCha
Wechat



9KaCha App

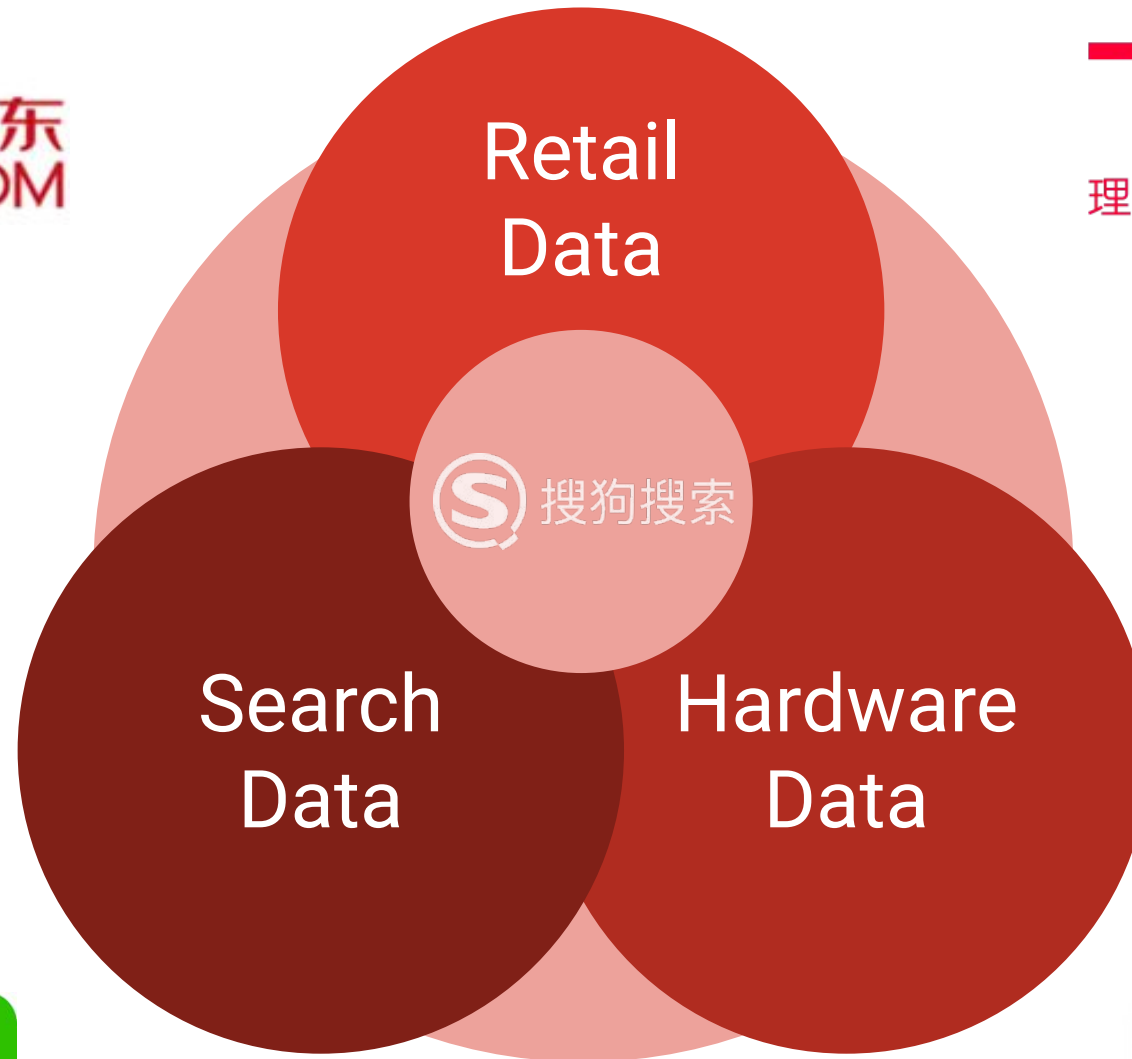


Baidu App

Data Access & Insights



Search and eCommerce data drive consumer recommendations and provide market intelligence to wineries

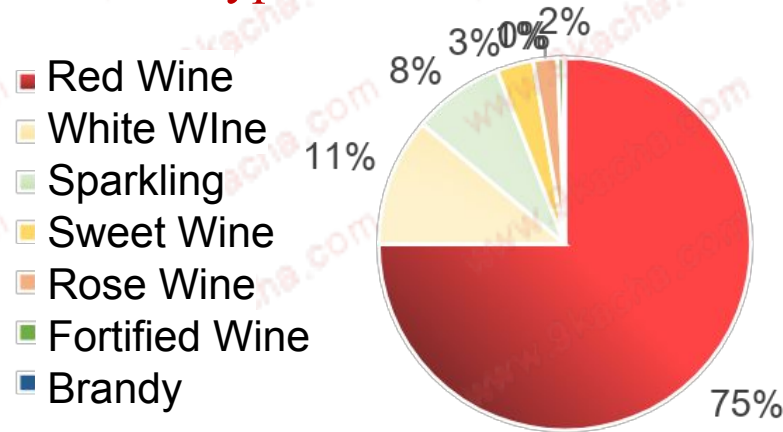




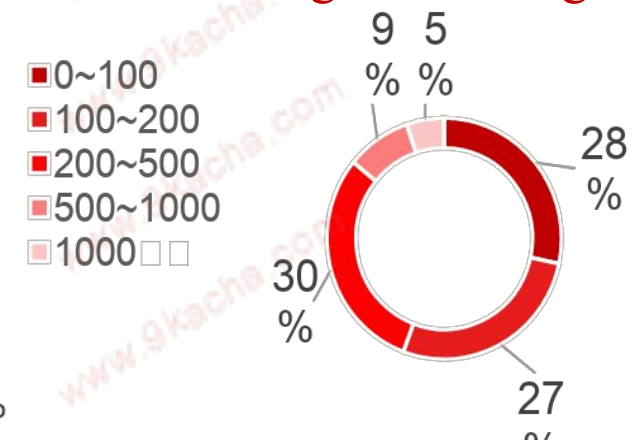
Tmall wine distribution

- Tmall makes up 50% of online wine sales
- The proportion of 20-29yr old users is increasing rapidly
- 30-40yr users are consuming the most alcohol
- Women buy more than men
- Women prefer sweeter wines
- Southern Chinese cities prefer drier styles compared to the North.

Wine Type Distribution



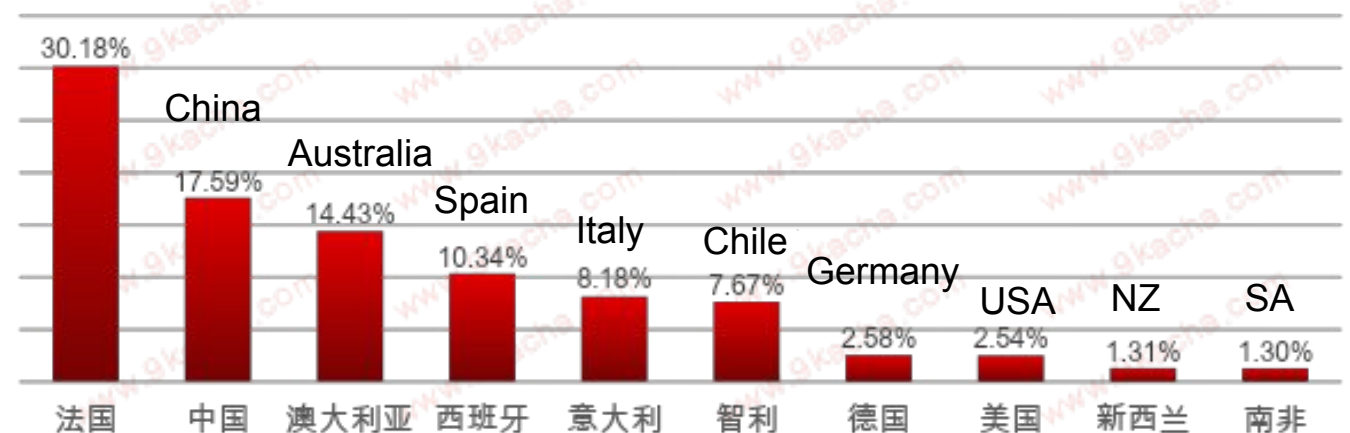
Wine Listings Price range



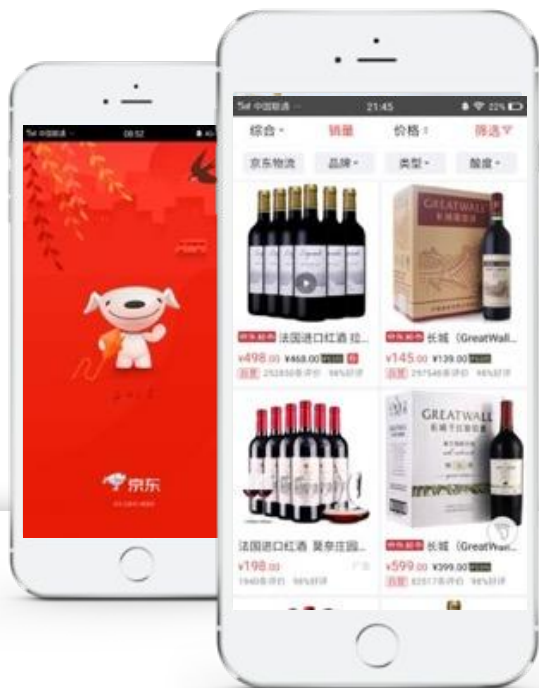
Average wine purchase price:
60-100 RMB

Sales by Country

France



Alcohol Sales



4000+
brands

240,000
SKUs

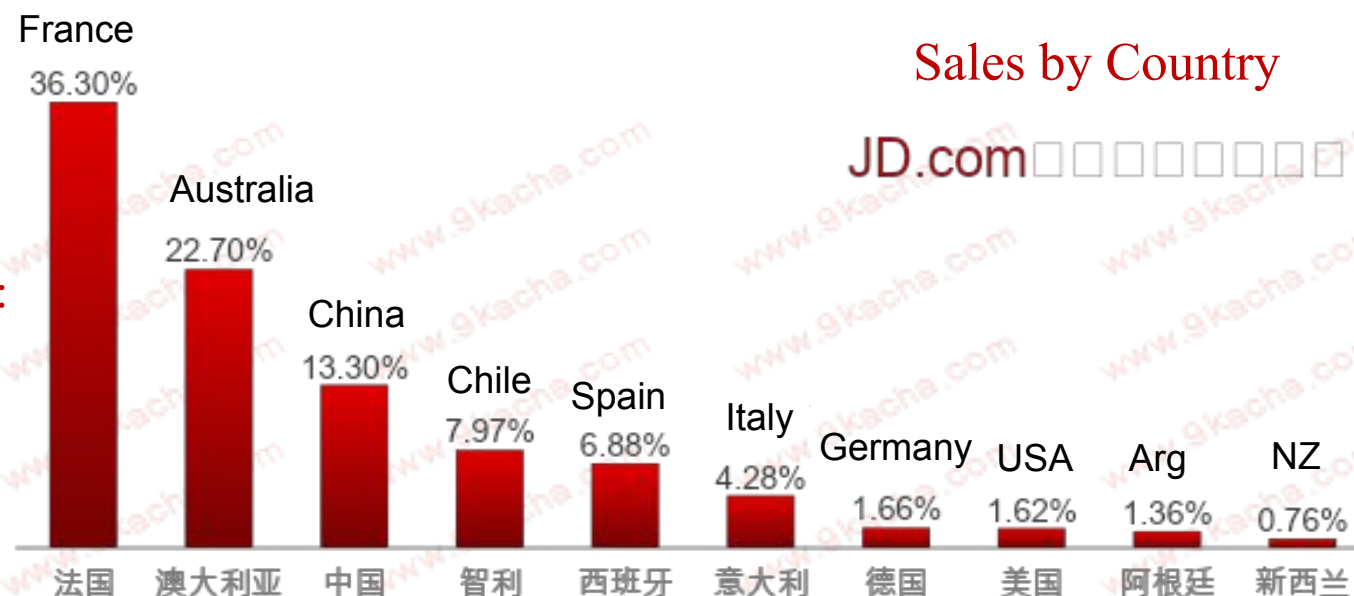
70.1%
User
Growth

JD makes up 25% of the online market in China



Average wine purchase price:
80-120 RMB

Sales by Country

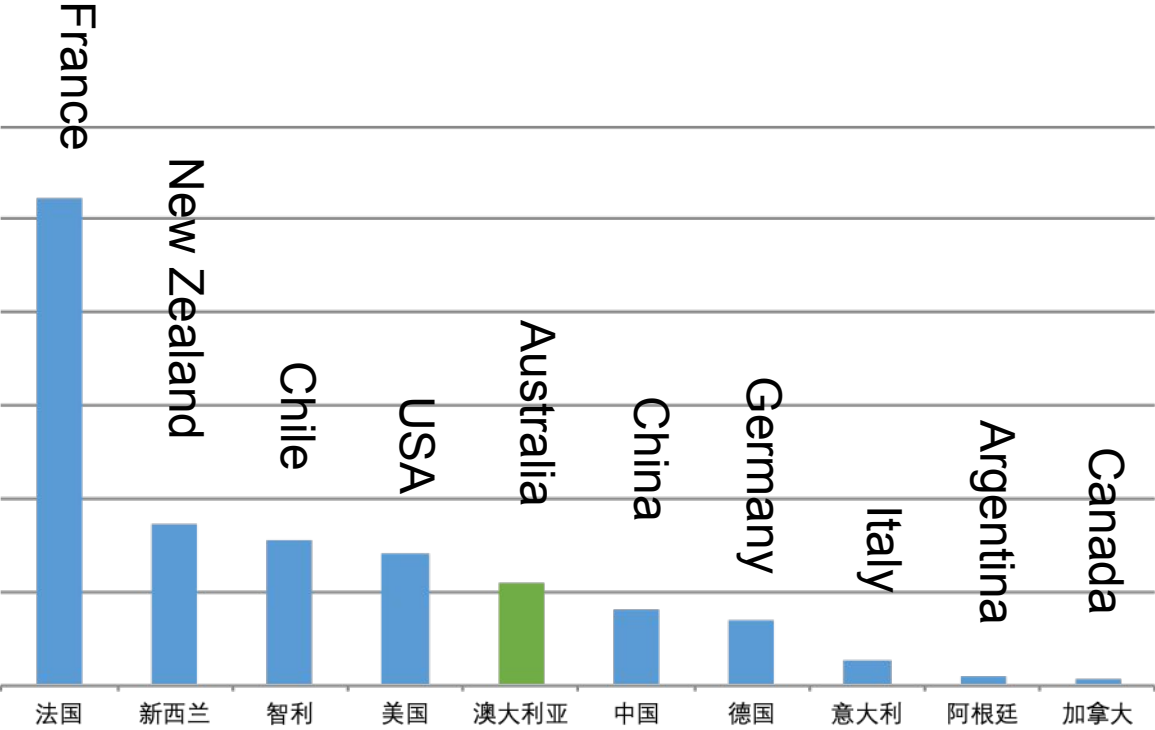
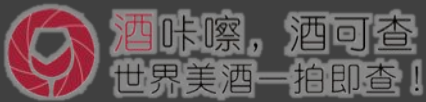


9KaCha

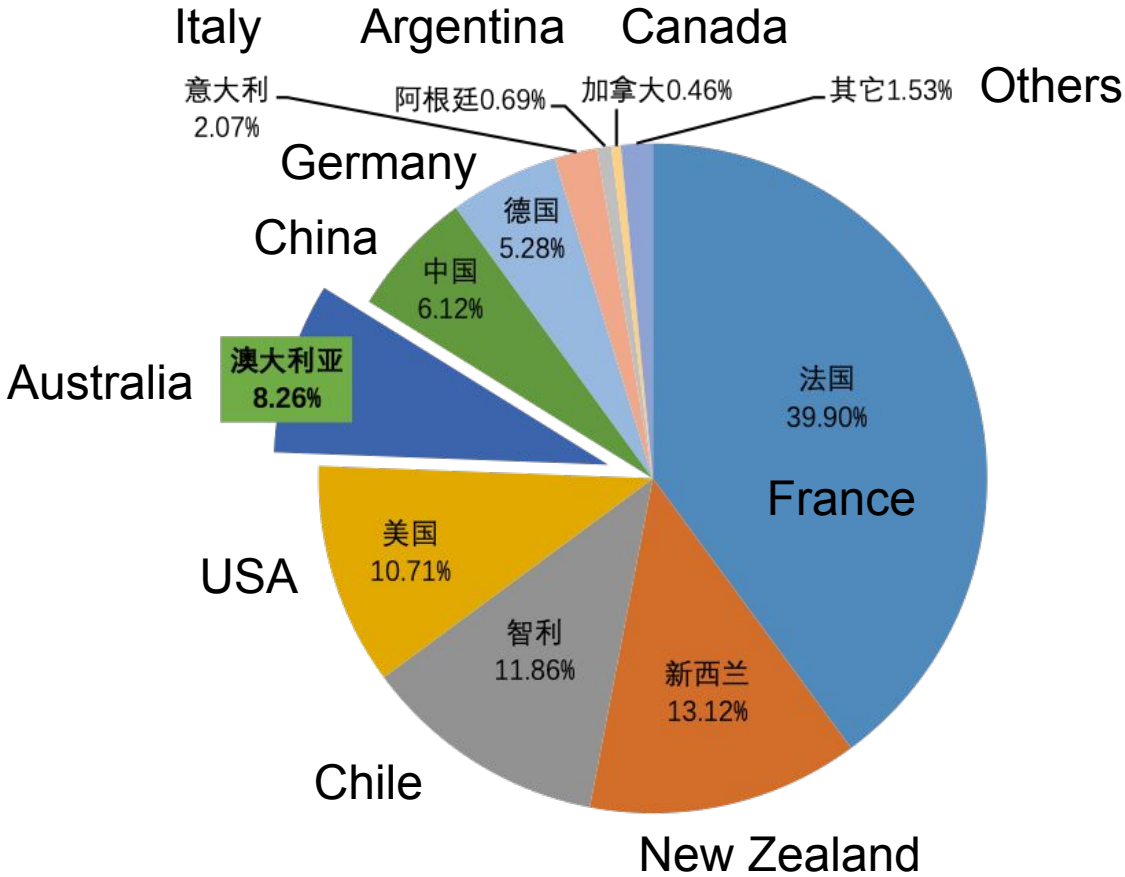
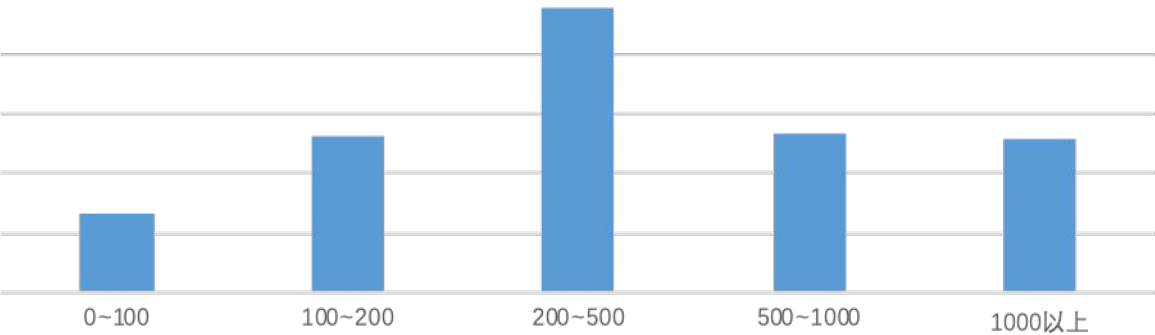
Sample Data - Pinot Noir Report
July 2018 to July 2019



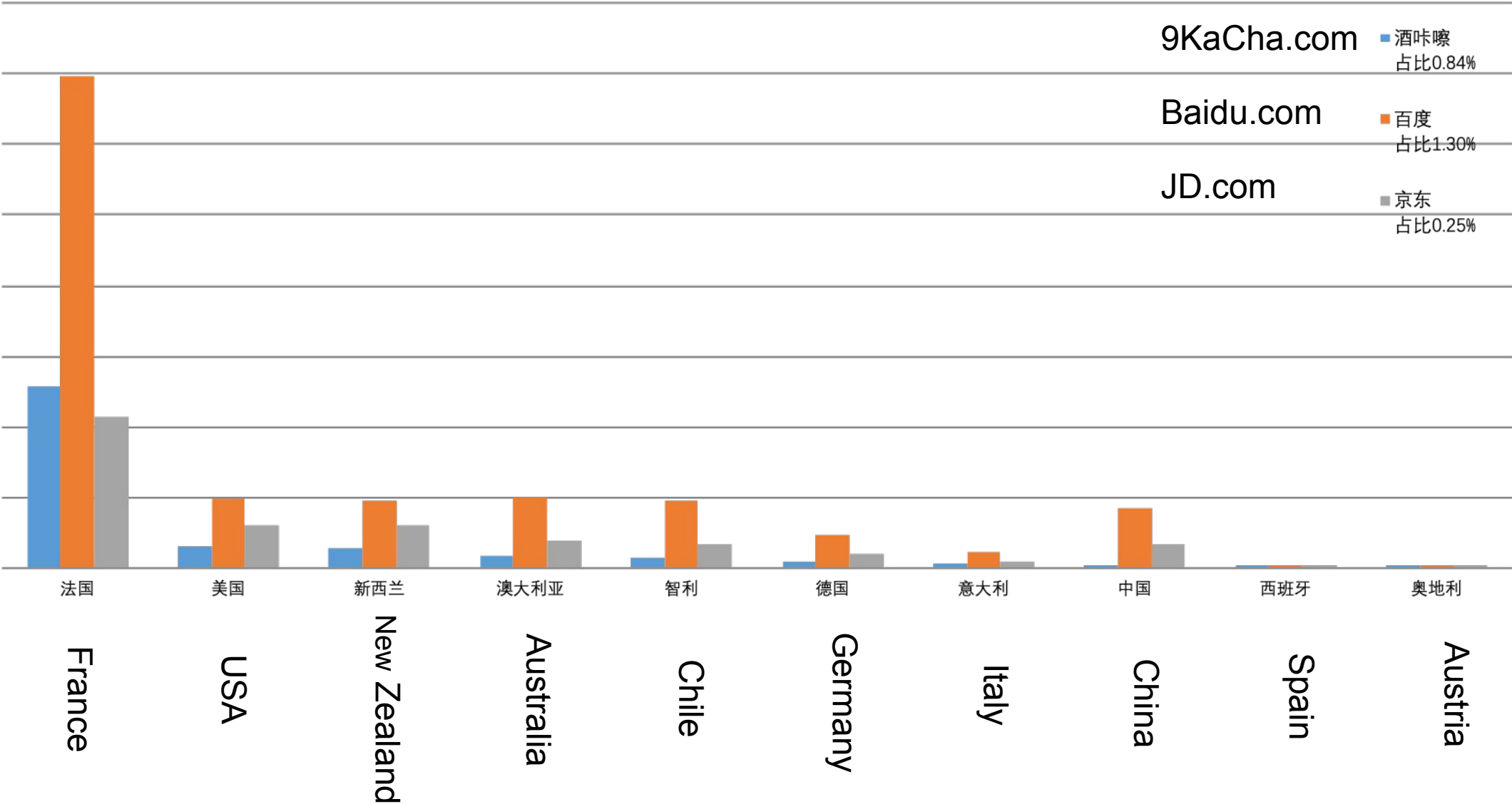
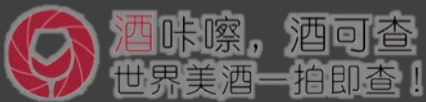
Pinot Noir Distribution in China's Major Online Retailers - JD.com & Tmall.com

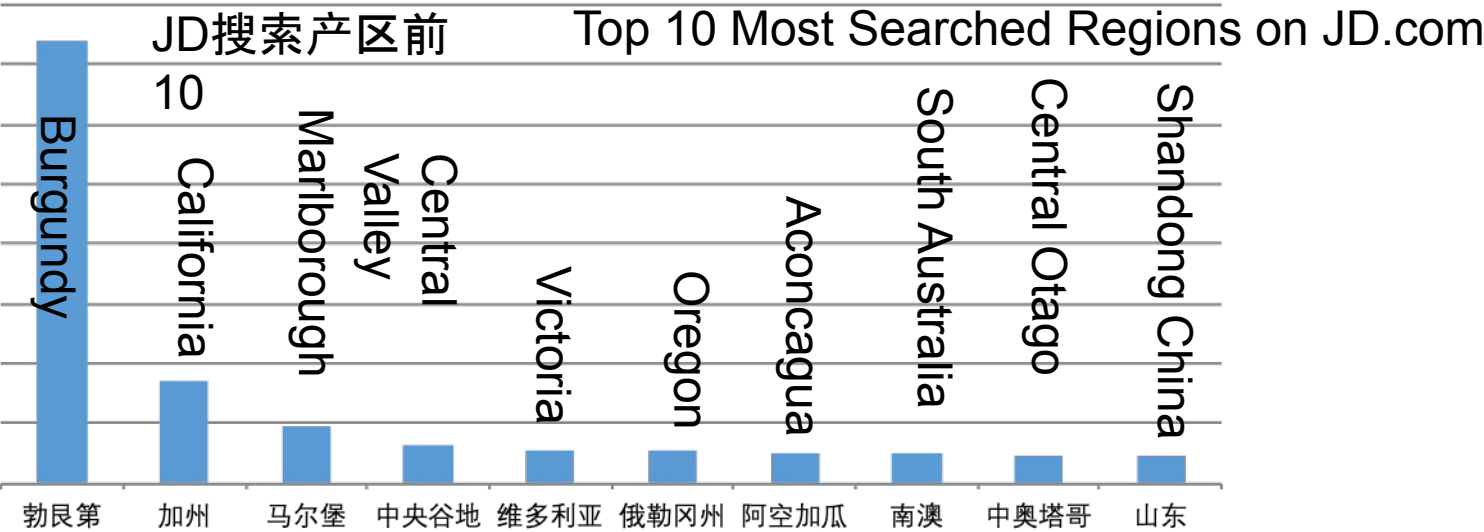
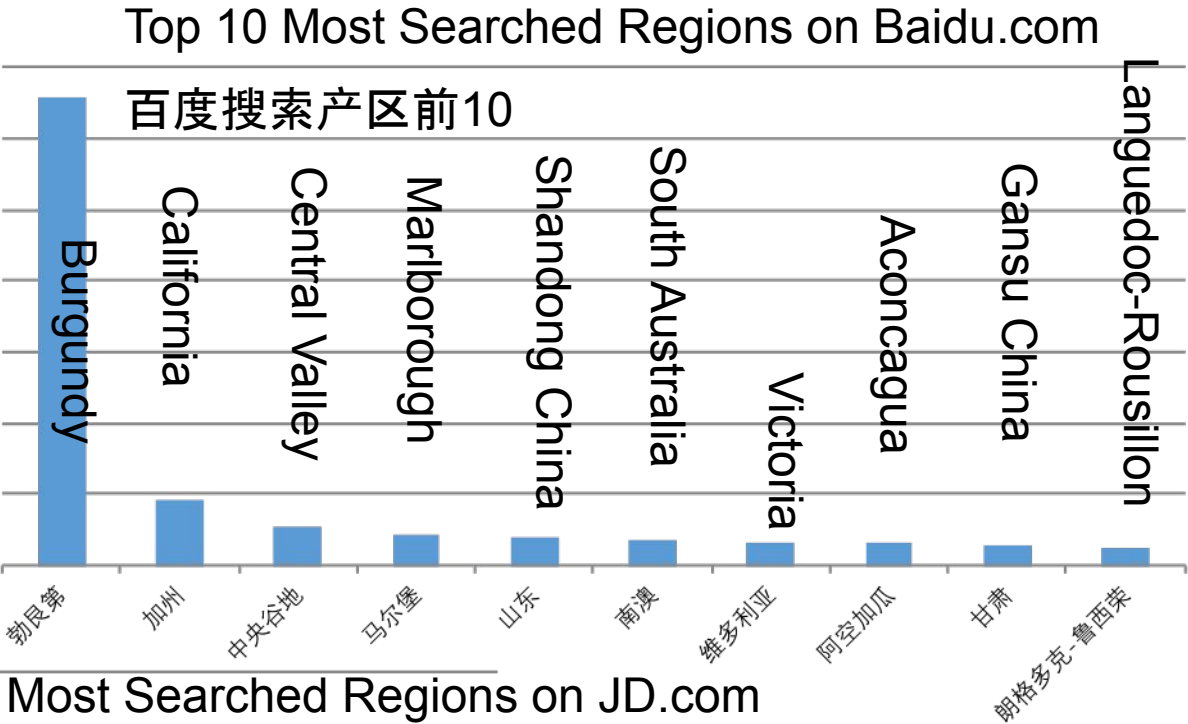
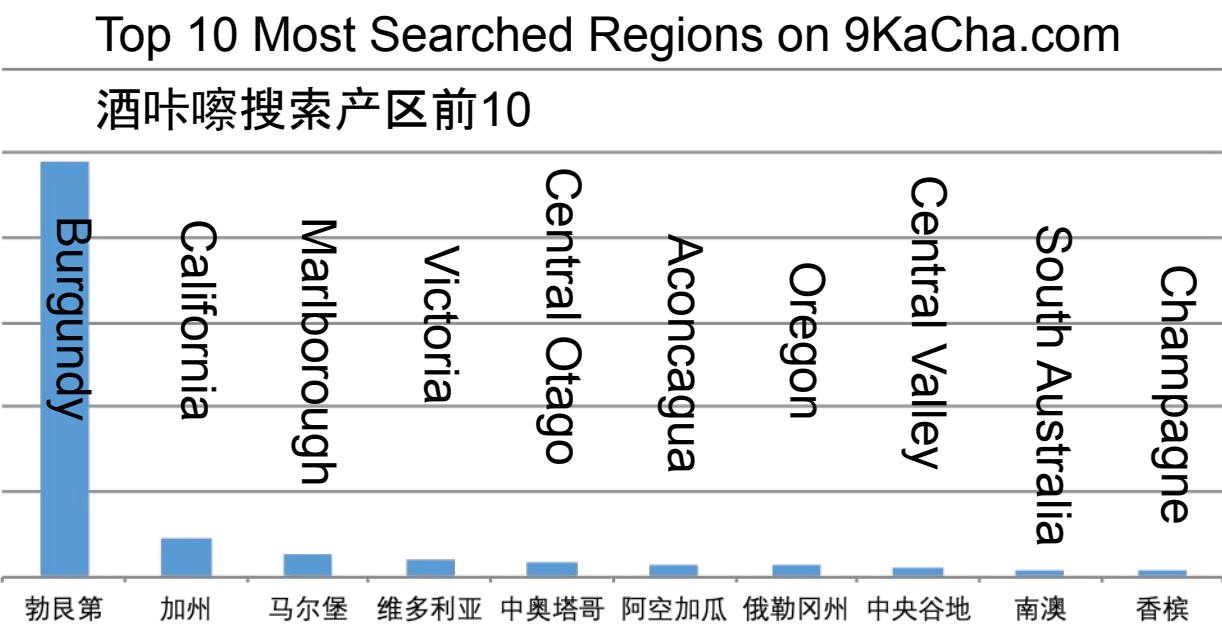


不同价格区间酒款数量
Price Range & Quantities

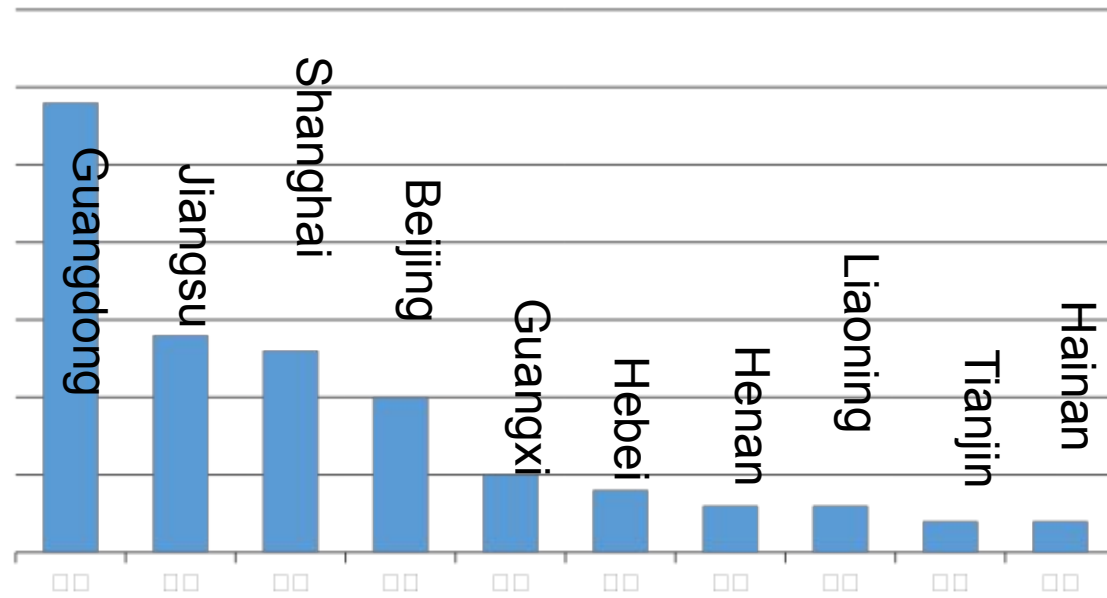


Pinot Noir Searches on 9KaCha, Baidu & JD.com

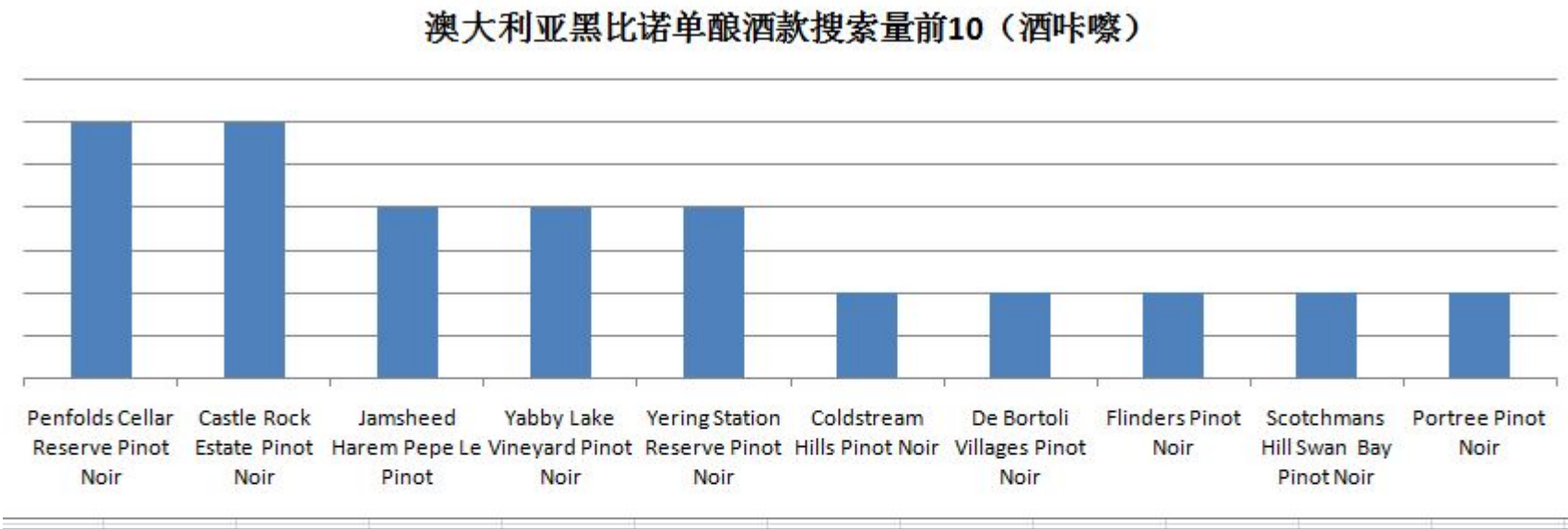




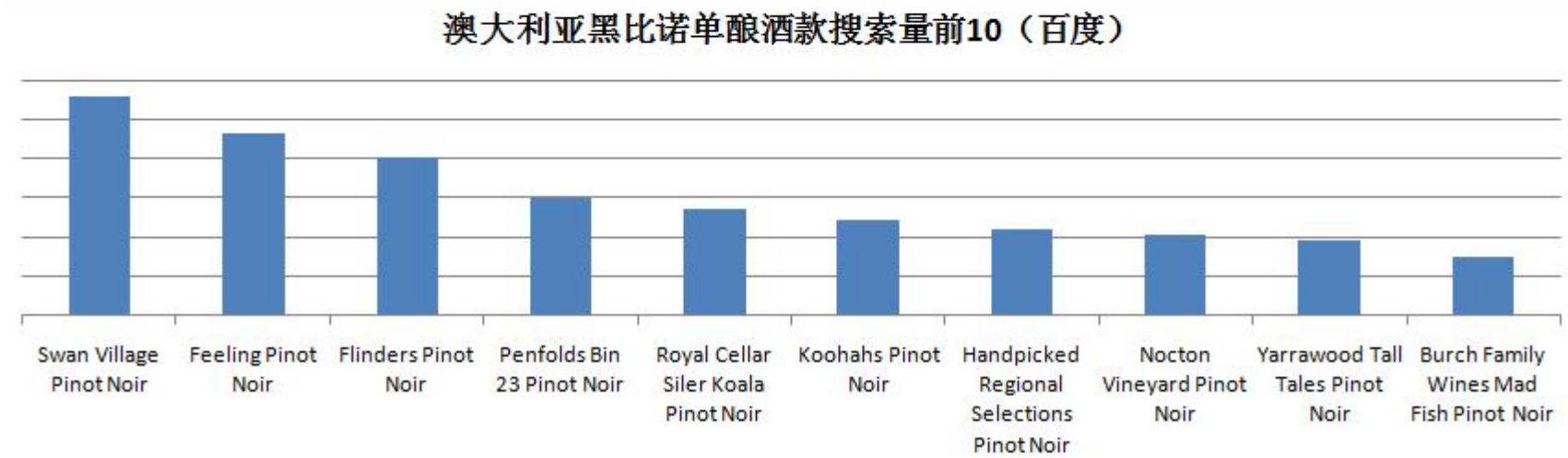
Australian Pinot Noir Searches - Search Times & Regions on 9KaCha.com



Top 10 Most Searched Australian Pinot Noir & Search Times on 9KaCha.com



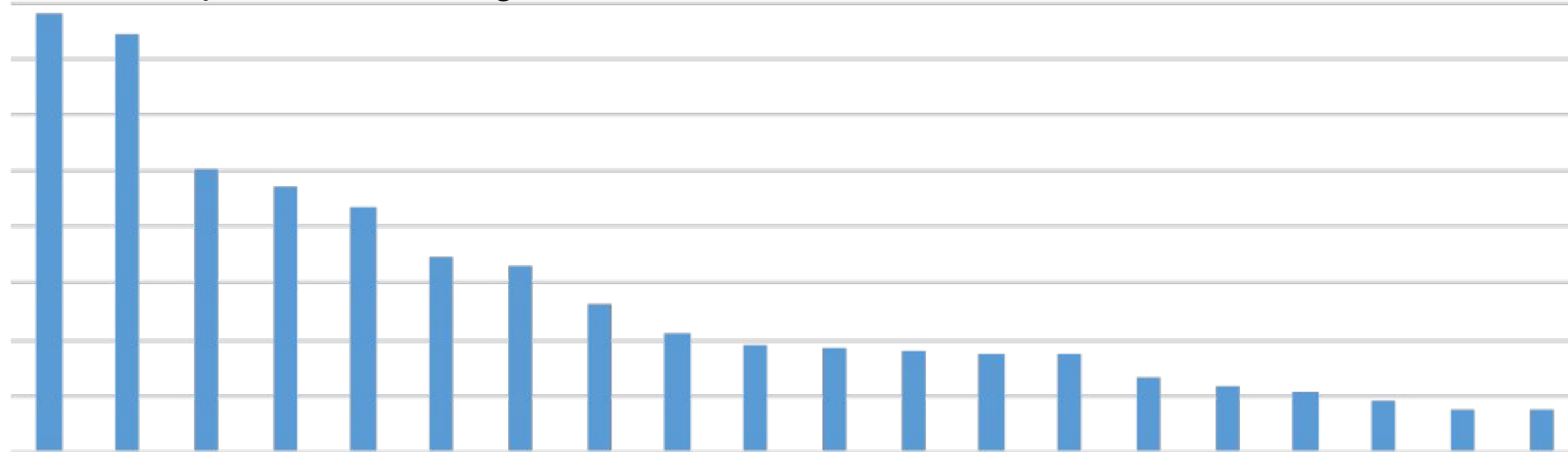
Top 10 Most Searched Australian Pinot Noir & Search Times on Baidu.com



Top 20 Best Selling Pinot Noirs - Tmall.com

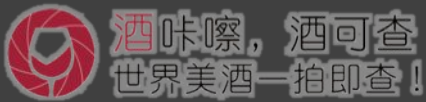
Tmall销量Top20

Top 20 Best Selling Pinot Noirs on Tmall.com



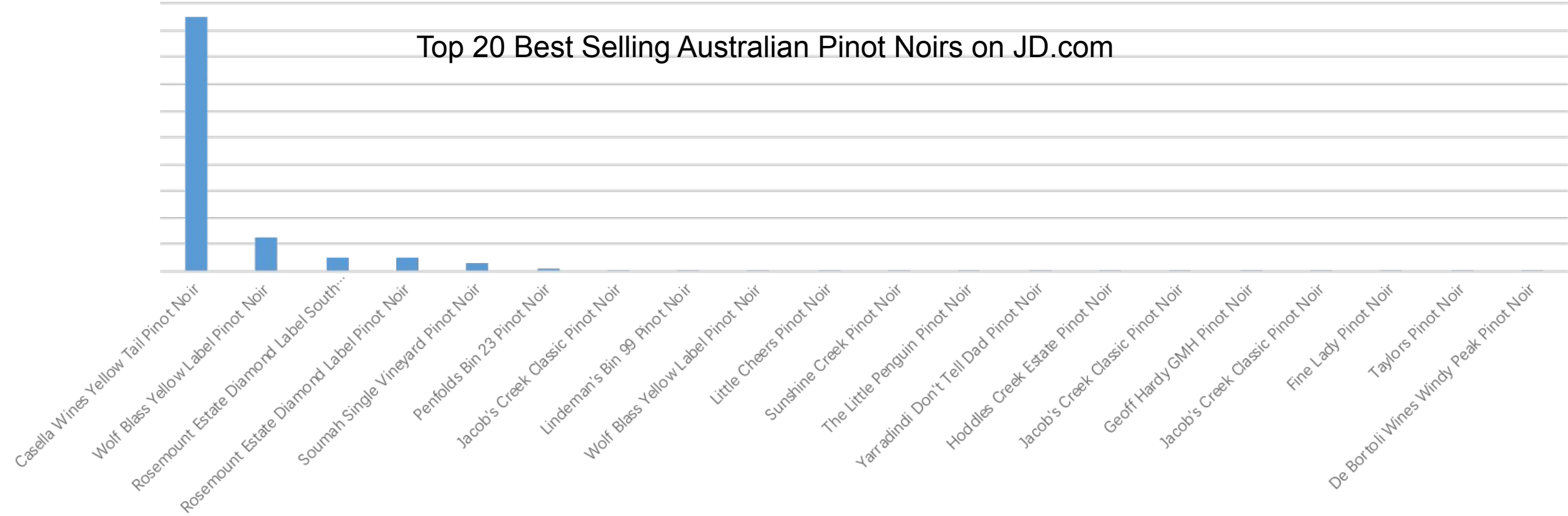
Concha Y Toro Casillero Del Diablo Reserva Pinot Noir
CuiYu Pinot Noir
Casella Wines Yellow Tail Pinot Noir
Mogao Organic Pinot Noir
MoGao Pinot Noir Wine
Robert Mondavi Woodbridge Pinot Noir
Oyster Bay Pinot Noir
Dragonru Oak 389 Pinot Noir
Maison Valor Cote De Nuits- Villages
Greystone Omihi Pinot Noir
Villa Maria Private Bin Pinot Noir
Changyu Kaifei Pinot Noit
Leirenshou Pinot Noir Red Wine
Maison Louis Jadot Bourgogne Pinot Noir
MaGao Vineyaro Pinot Noir
Zixuan Pinot Noir
Amisfield Pinot Noir
Montes Alpha Pinot Noir
Opawa Pinot Noir

Top 20 Best Selling Australian Pinot Noirs - JD.com



澳大利亚黑皮诺JD销售Top20

Top 20 Best Selling Australian Pinot Noirs on JD.com



Distribution and Online Services



Distributor Introduction Service

\$3000 plus GST

9KaCha has relationships with over 4000 significant distributors across mainland China. 9KaCha helps wineries to save time and money by using this database to quickly and cheaply assist wineries to find new suitable distribution partners with the following process:

- A Create a winery portfolio in Mandarin including wine reviews and winery introductions by Rob Geddes MW
- B Gain an understanding of winery requirements including desired sales volumes, pricing, specific regions and categories of interest
- C Pitch to a selection of distribution partners depending on requirements
- D Provide introductions between wineries and distributions partners that have expressed an interest in representation their brand in China

Basic Winery Package

\$999 per year plus GST

Inclusions:

- A Winery listing with label recognition and publication across the 9KaCha network including Baidu with up to 50 SKUs
- B Publication and translation of winery generated background information and listing of 5 wines with winery tasting notes all translated into Mandarin
- C Priority listing of wines in the 9KaCha recommendation engine
- D Your choice of preferred retailer in the 9KaCha listings and wines marked with an “Authentic Badge” to guarantee providence

* A 20% discount applies for Year 1 Trial Period



Visibility across the
full 9KaCha network



Network-wide priority
listing in search results



Increased brand
visibility



5 wine listings

Premium Winery Package

\$2499 per year plus GST

Inclusions:

- A Winery listing + 50 SKU label recognition and publication across network
- B Inclusion of Rob Geddes MW winery rank, winery review, tasting notes and scores plus winery generated content for up to 10 wines translated into Mandarin
- C Publication and translation of winery generated background materials
- D Priority listing in the 9KaCha recommendation engine and B2B platform
- E Wine sales through 9KaCha with no additional fee if required
- F Your choice of preferred retailer in the 9KaCha listings and wines marked with an “Authentic Badge” to guarantee providence

* A 20% discount applies for Year 1 Trial Period



Visibility across the
full 9KaCha network



Powerful third-party
reviews



Network wide priority
listing in search results



Sell direct to the
consumer

Additional Annual Extras — Rob Geddes MW



Additional wine listings or reviews

\$100* per wine over and above package inclusions

Video Reviews

\$1,000* per wine including translation

Editorial Promotions

\$1000*

Give your brand a boost with Rob's editorial distributed on the 9KaCha app and via official WeChat accounts

Events

Build on your exposure through 9KaCha with tastings and events hosted by Rob Geddes MW and managed by his team in Shanghai

* Excluding GST

Additional Annual Extras — 9KaCha



9KaCha Digital Marketing

Various budgets available including for a \$2,000* investment:

- Two editorial articles published via 9KaCha and WeChat
- App advertising banner for 7 days
- Baidu App display advertising for 3 days.

Total minimum impressions: 500K



Data Reports

\$1000*

Build your data on Chinese online search and the market including:

- Full breakdown of search data including geotargetting and category trends.
- General market data on regional trends, key products and varieties
- Sales data from JD.com

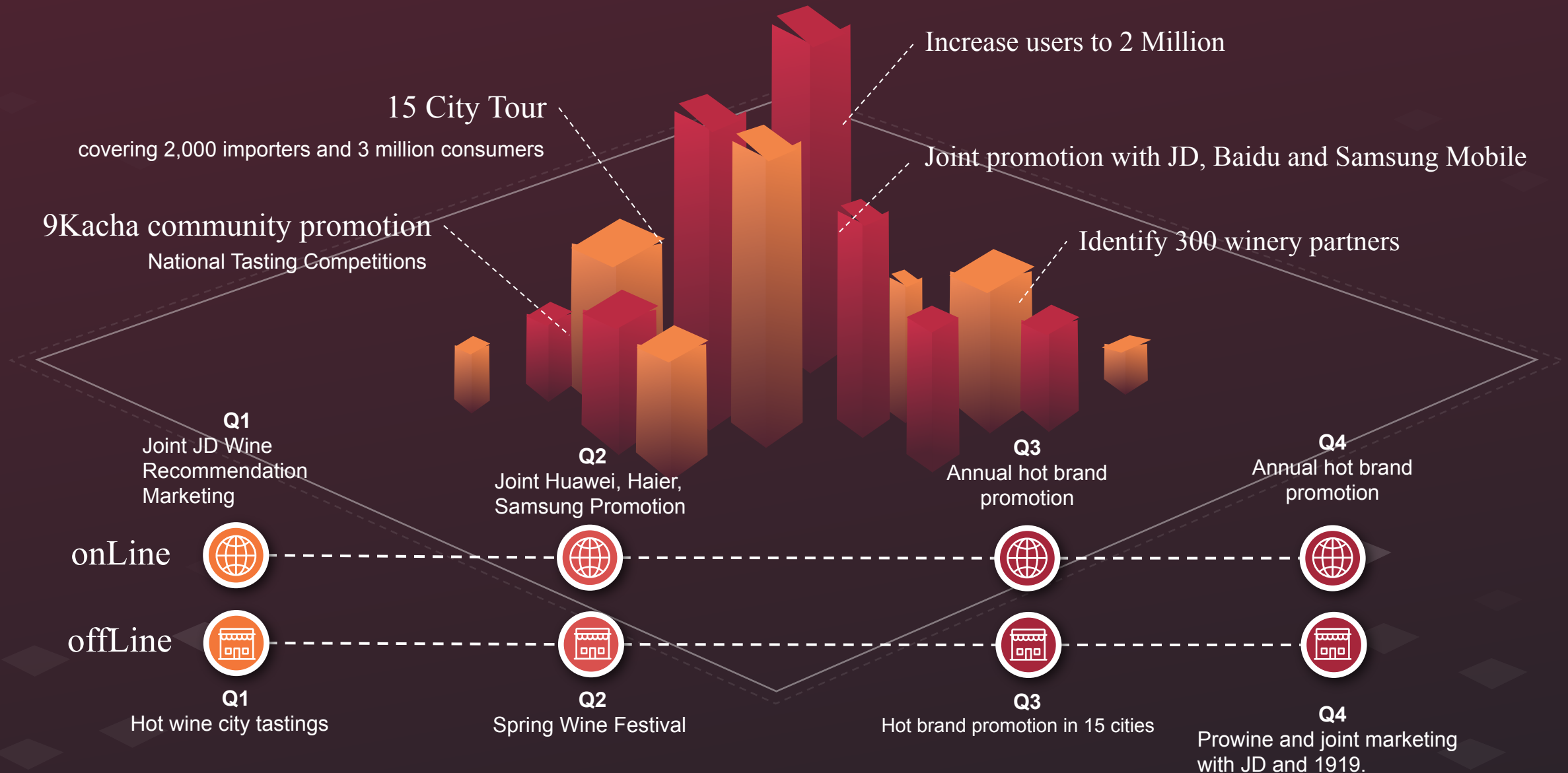
* Excluding GST

Rob Geddes MW - 9KaCha Australian Wine Editor



- Third Australian to pass the Master of Wine exams in 1992 and Australia's only MW based in China.
- Voted in the Top 10 of China's Most Influential Key Opinion Leaders and Influencers in 2018.
- Co-Chairman 11th Asian Wine Competition 2020.
- Chairman of Judges - Interwine China Competition 2017.
- Publisher of Australian Wine Vintages - Australia's first and longest running annual wine guide.
- Appointed Visiting Professor China Northwest A & F University in 2015.
- Highly regarded speaker, educator and consultant hosting 25+ events and lectures per annum in China since 2016.
- Launched a company based in Shanghai in 2017 consulting to Australian and Chinese wineries on local production, sales and marketing.
- Featured in the International Channel Shanghai Wine TV Series screened in 2018.

2020 9Kacha Promotions



Place



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