

China leads the way for beverage alcohol ecommerce

New study shows that Chinese consumers spend four times more on online alcohol purchases than the US, while France and the UK have the most developed ecommerce sectors

LONDON – Online alcohol sales are developing fast in China, growing at around 15% per year, according to the *IWSR Ecommerce Study: A strategic roadmap for alcoholic beverages*, which provides the first in-depth insight into the highly dynamic ecommerce sector for beverage alcohol.

Of the 10 countries researched in the first part of the study, the largest ecommerce market for alcoholic beverages by some margin is China, at \$6.1bn. This is four times the size of the US beverage alcohol ecommerce market, and three times the size of the next-largest markets of France and the UK. France and the UK are the most mature, taking the highest percentage of off-trade sales derived from ecommerce activity.

The Chinese online beverage alcohol market is concentrated, with the leading two players, Tmall and JD, sharing over 70% of the market between them. The combined share of these players is three times the size of the entire US beverage alcohol online channel.

In the US, at present, online sales represent only 1% of off-premise beverage alcohol sales, but are growing at double-digit rates as consumer demand increases and state and federal level restrictions on alcohol distribution out-of-state ease slightly.

France's online share of its off-premise alcohol sales is the highest at nearly 9%, due to the successful development of the 'click-and-drive' model by the major supermarkets such as E. Leclerc and Carrefour. In addition, there is a thriving online wine sector, with over 400 specialist ecommerce sites.

In the UK, wine and beer are purchased relatively frequently as part of the online grocery shop, with Tesco and Asda being the leading players in online alcoholic drinks sales. There are many well-established specialist wine retailers such as Majestic and The Wine Society, who have fast-growing online operations.

The IWSR's 2018 ecommerce consumer survey shows that online purchase frequency is low in most markets, with only China and the UK having more than 50% of consumers purchasing at least monthly or more. The primary motivating factor across most markets is convenience, ahead of price.

Amazon has quickly filled the gap in markets where there has been little impetus from existing retailers to move into ecommerce. This is the case in Germany, where it already has more than 50% share. Amazon is also making gains in other major markets, including Japan, the UK, Spain and Italy. Premium products, such as spirits and wine, are a core focus for Amazon, who have dedicated category management teams staffed by ex-retailers.

Wine is the major alcoholic beverage category sold online, typically with 60% to 70% share of online beverage alcohol sales. Jack Daniel's leads the pack in terms of online beverage alcohol brands and the leading beer brand in our survey was Heineken; both are well-recognised global brands with strong digital marketing support, which is deployed at a global and country level.

Across the 10 markets, expected growth rates 2017-2020 vary from 9% to 10% per annum in the more established markets of the UK and France, to 20% to 40% per annum in the newer, less-developed ecommerce markets.

The *IWSR Ecommerce Study: A strategic roadmap for alcoholic beverages* is the first in-depth study of the ecommerce market for beverage alcohol across 20 countries, combining a very extensive range of sources including retailer and industry interviews and consumer research, analysed by the IWSR's highly experienced research and consulting teams. For more information on the report, please contact Graziella Jeffery or Brandy Rand, see details below.

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Press contact Helen Jagger – helen@theiwsr.com +44 (0)79 7680 9346

Other enquiries Rest of world: Graziella Jeffery – graziella@theiwsr.com +44 (0)20 7689 6834
US & Canada: Brandy Rand – brandy@theiwsr.com +1 646 830 2616

About the IWSR

The IWSR is the leading source of data and analysis on the alcoholic beverage market. The IWSR's database, essential to the industry, quantifies the global market of wine, spirits, beer, cider and mixed drinks by volume and value in 157 countries, and provides insight into short- and long-term trends, including five-year volume and value forecasts.

The IWSR tracks overall consumption and trends at brand, price segment and category level. Our data is used by the major multinational wine, spirits and beer companies, as well as financial and alcoholic beverage market suppliers. The IWSR's unique methodology allows us to get closer to what is actually consumed and better understand how markets work. Our analysts travel the world to meet over 1,600 local professionals to capture market trends and the 'why' behind the numbers.

The IWSR 39 Moreland Street, London, EC1V 8BB
t: 44 (0)20 7689 6841 f: 44 (0)20 7689 6827 e: info@theiwsr.com www.theiwsr.com

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