ACADEMIC
WEEKLY DIGEST

#HOSPITALITYatSurrey

ANALYSING & FORECASTING DEMAND FOR IMPORTED WINE

LESSONS FROM AN INVESTIGATION IN CHINA

Although wine exporters across the world have embraced the Chinese market, little academic interest has been paid to the future of China's imported wine demand. **Dr Anyu Liu** (with Prof Haiyan Song from Hong Kong PolyU) investigated the long-term determinants of China's imported wine demand and used econometric methods to forecast wine imports up to 2023. Although the forecasts were generated before the COVID-19 outbreak, it can be considered a benchmark in the long-run. We share their findings to stimulate further discussion on this topic.

What's in this issue:

ANALYSING & FORECASTING DEMAND FOR IMPORTED WINE IN CHINA

Department of Hospitality
School of Hospitality & Tourism Management
University of Surrey | surrey.ac.uk/SHTM

shtm
SCHOOL OF HOSPITALITY & TOURISM MANAGEMENT

Analysing & Forecasting Demand for Imported Wine in China

DR ANYU LIU

The study focused on the long-term determinants of China's demand for imported bottled, bulk and sparkling wine from the top five countries of origin, which are France, Austria, Chile, Spain and Italy for the bottled wine; Chile, Australia, Spain, France and South Africa for the bulk wine and Italy, France, Spain, Australia and Germany for the sparkling wine. Elasticities of income, imported prices, real exchange rates and the cross-prices of the Old World, New World and other liquids were estimated and the forecasts for 2019 to 2023 wine imports were then generated.

The results demonstrated that income is the most important determinant of China's imported wine demand, and that price plays a more significant role in the sparkling wine market. Substitute and complement effects are identified between wines from different countries of origin and between imported wines and other liquids. China's imported wine demand is expected to maintain its rapid growth over the forecast period. Since China has recovered from the pandemic crisis, the prediction still makes sense in the COVID-19 context. Bottled wine will continue to dominate China's imported wine market. France will have the largest market share in the bottled wine market, Spain will be the largest provider of bulk wine and Italy will hold the same position for sparkling wine.

We believe this study is critically important and timely. A more accurate forecast can help wineries and the global hospitality industry to better plan the recovery strategy onwards.

FURTHER READING

Liu, A., and Song, H.S. (2021). Analysis and Forecasts of the Demand for Imported Wine in China. *Cornell Hospitality Quarterly* (in press).