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Exporting New Zealand Wine to China

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Abstract

China is one of the fastest-growing wine markets in the world. Wine businesses from major wine-producing countries have been focusing on this market. New Zealand, as the fastest growing wine producer in the New World countries, has targeted East Asia, especially China, as an export destination. However, the market share and reputation of New Zealand wines has not been very high and many New Zealand wine exporters have neither understood the Chinese market very well, nor successfully set up their export business there. The findings of this study will inform current and potential wine exporters from New Zealand of effective market entry procedures.

A qualitative methodology was employed to identify the key elements of exporting New Zealand wine to China. Fourteen businesses, including eleven New Zealand wine exporters and three China-based wine import distributors were interviewed. The data was analysed using qualitative data methods. The study found that New Zealand wine exporters have used four market entry modes, chosen according to the different characteristics of their businesses: indirect exporting, direct exporting, joint venture, and acquisition. This study also identified key elements in successfully exporting New Zealand wine to China, including the selection of market entry modes, distribution channels, and suitable importer/distributors, the initial organisation of the wine export process, and the development of business relationships. Challenges to this success have also been identified, such as the current Chinese preference for red wines, the small scale of the New Zealand wine industry, the orientation towards short-term profit by Chinese traders, and identifying suitable business partners.

Recommendations are also made for the development of successful export business by New Zealand wine producers in the future.

Key words: market entry, wine export, China wine market.
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Dedication

This thesis is dedicated to my parents and my wife for their great support and encouragement during my study.
# Table of Contents

Abstract ..........................................................................................................................0  
Acknowledgements ........................................................................................................2  
Dedication ......................................................................................................................3  
Table of Contents ...........................................................................................................4  
List of Tables .................................................................................................................8  
List of Figures ................................................................................................................8  
List of Abbreviations ...................................................................................................11  

CHAPTER 1: Introduction ..........................................................................................12  
  1.1 Background ...........................................................................................................12  
  1.2 Problem statement ...............................................................................................12  
  1.3 Aims and objectives of the research ..................................................................13  
  1.4 Thesis structure ...................................................................................................13  

CHAPTER 2: Background information .......................................................................15  
  2.1 Global wine industry .........................................................................................16  
      2.1.1 Global wine production ..............................................................................16  
      2.1.2 Global wine consumption .........................................................................18  
      2.1.3 Global wine trade .....................................................................................20  
  2.2 New Zealand wine industry ................................................................................25  
      2.2.1 Wine/grape production ..............................................................................27  
      2.2.2 New Zealand wine consumption .................................................................29  
      2.2.3 New Zealand wine imports .......................................................................29  
      2.2.4 New Zealand wine exports .......................................................................31  
  2.3 China - the target market for New Zealand Wine ...............................................35  
      2.3.1 China’s alcohol market ..............................................................................38  
      2.3.2 Drinking culture in China ..........................................................................39  
      2.3.3 Wine consumer demographics in China ....................................................41  
      2.3.4 China’s wine imports .................................................................................44  
      2.4 Summary ..........................................................................................................52  

Chapter 3: Literature review on foreign market entry .............................................54  
  3.1 Introduction ..........................................................................................................55
Chapter 4: Methodology.................................................................81

4.1 Research problem identification..............................................82
4.2 Aims and objectives of the research........................................82
4.3 Research methods.....................................................................83
  4.3.1 Research strategy for this research..................................83
  4.3.2 Data collection...............................................................84
4.4 Data analysis ...........................................................................86
  4.4.1 Data management........................................................86
  4.4.2 Data description...........................................................87
  4.4.3 Discussion and analysis..................................................88
4.5 Ethical considerations..............................................................89
4.6 Limitations of the study...........................................................89
4.6 Summary.................................................................................90

Chapter 5: The analysis: market entry for NZ wine exporters.............91

Respondents profile.....................................................................92

5.1 China market...........................................................................101
  5.1.1 The reason for choosing the Chinese market.....................101
  5.1.2 Market entry modes.......................................................101
  5.1.3 Factors for market entry mode selection.........................102
  5.1.4 Food match.....................................................................105
  5.1.5 Location.........................................................................106
5.2 Distribution channels in China ................................................................. 107 
      5.2.1 The open market distribution channel ........................................... 108 
      5.2.2 The hidden market distribution channels ...................................... 111 
5.3 Suitable business partners in China .................................................... 114 
      5.3.1 Platforms for seeking suitable candidates ..................................... 114 
      5.3.2 National versus regional import distributors .............................. 115 
      5.3.3 Business partners and relationships ......................................... 117 
5.4 Export management process ............................................................... 118 
5.5 Maintaining and developing business relationships ............................. 120 
5.6 Understanding of the NZ wines’ marketplace in China ......................... 123 
5.7 New development in the China market ............................................... 125 
5.8 The challenges ..................................................................................... 126 
      5.8.1 Challenges related to China ........................................................ 127 
      5.8.2 NZ related challenges .............................................................. 129 
      5.8.3 Business culture related challenges ......................................... 132 
      5.8.4 People related challenges ........................................................ 134 
5.9 Summary ............................................................................................. 137 

Chapter 6: Discussion ............................................................................... 139 
6.1 market selection .................................................................................. 140 
6.2 Market entry modes ............................................................................. 141 
      6.2.1 Influencing factors ....................................................................... 142 
6.3 Important elements of NZ wine exportation to China .......................... 146 
      6.3.1 Distribution channels for NZ wine in China ............................... 146 
      6.3.2 Business partners in China ....................................................... 148 
      6.3.3 Other elements of the NZ wine exporting to China .................... 150 
6.4 Challenges of the NZ wine exporting to China ................................... 150 
6.5 Summary ............................................................................................. 152 

Chapter 7: Summary, conclusions, and recommendations ....................... 153 
7.1 Summary of this study .......................................................................... 153 
7.2 Conclusions ....................................................................................... 157 
7.3 Recommendations ................................................................................ 158 
7.4 Further research .................................................................................. 159
List of Tables

**Table 2.1:** Major wine-consuming countries 2000-2009 ..................................................19

**Table 2.2:** Top wine importing countries 2000-2009 (tonne/thousand litres) ..........21

**Table 2.3:** Top wine exporting countries 2000-2009 (tonnes/thousand litres) ..........23

**Table 2.4:** Wine exports to China 2000-2009 .............................................................25

**Table 2.5:** New Zealand vineyard by area by region 2000-2010 .................................27

**Table 2.6:** New Zealand wine production 2000-2010 ....................................................28

**Table 2.7:** New Zealand wine consumption 2000-2010 .............................................29

**Table 2.8:** New Zealand wine imports by market 2000-2011 .......................................31

**Table 2.9:** New Zealand wine exports by market 2000-2010 .......................................32

**Table 2.10:** Average annual gross income by age: 2005-2009 (RMB per capita) ......42

**Table 2.11:** Annual disposable income per household: 2005-2009 (number in thousand).................................................................43

**Table 2.12:** Annual disposable income per household: 2010-2020 (number in thousand).................................................................43

**Table 2.13:** China’s wine imports by origin 2000-2009 in volume (thousand litre)...45

**Table 2.14:** China’s wine imports by origin 2000-2009 in value (million US$) ........46

**Table 2.15:** Market share of imported wine on country-of-origin (Volume).................48

**Table 3.1:** Advantages and disadvantages of different modes of market entry ..........68

**Table 3.2:** The difference between the distributor and selling agent .........................77

**Table 4.1** Samples of the interviews ............................................................................86

**Table 4.2:** Responses to the open-ended question. *How did you set up your business in China?* .................................................................87

**Table 4.3:** Categorisation of responses to the open-ended question. *How did you set up your business in China?* .................................................................88
Table 5.1: New Zealand-based wine exporters ...........................................................92

Table 5.2: China based import distributors .............................................................98

Table 5.3: Market entry modes .............................................................................101

Table 5.4: Factors of entry modes’ selection .......................................................102
List of Figures

Figure 2.1: Global wine production, consumption and surplus 2000-2010............16

Figure 2.2: Wine production and global share of the top 6 wine producers 2000-2010
...............................................................................................................................................17

Figure 2.3: Map of New Zealand’s major wine producing regions.........................26

Figure 2.4: New Zealand wine imports 2000-2011..................................................30

Figure 2.5: Map of China............................................................36

Figure 2.6: Alcoholic beverage market (in volume) in China 2009/2010............38

Figure 2.7: Wine imported into China (Volume shipped).......................................47

Figure 2.8: Bottled Wine Imports 2004-2009 (Value)...........................................49

Figure 2.9: China wine market by source .................................................................51

Figure 5.1: The process of exporting NZ wine to China ..........................100
List of Abbreviations

AANZFTA: Australia and New Zealand Free Trade Agreement

CIF: Cost, Insurance and Freight

CMO: Common Market Organization

CNFCA: China Non-staple Food Circulation Association

EXW: Ex Works

FAO: Food and Agriculture Organization of The United Nations

FDI: Foreign Direct Investment

FOB: Free On Board

GATT: General Agreement on Tariffs and Trade

JV: Joint Venture

MO: Market orientation

NZTE: New Zealand Trade and Enterprise

OIV: International Organization of Vine and Wine

SMEs: Small and Medium Enterprises

USDA: United States Department of Agriculture

WOS: Wholly-owned Subsidiaries

WTO: World Trade Organization